

**EARLY LEARNING COALITION
OF FLORIDA'S GATEWAY, INC.**

**Financial Statements
and Supplemental
Information**

Year Ended June 30, 2024

EARLY LEARNING COALITION OF FLORIDA'S GATEWAY, INC.

BOARD MEMBERS

June 30, 2024

Connie Anderson	Chair
Dr. Pamela Carswell	Vice Chair
Mantha Young	Treasurer
John Burns III	Secretary
Janene Fitzpatrick	Member
Diane Head	Member
Thomas Moffses	Member
Carol Milton	Member
Michelle Ward	Member
Terri Boyette	Member
Patricia Brantley	Member
Melanie Howard	Member
Brandon Fernald	Member
Eva Jallah	Member
Myron McClendon	Member
Jennifer Barrs	Member
Stacy Rimes	Ex-officio, voting
Lisa Newman	Ex-officio, non-voting
Dawn Odum	Ex-officio, non-voting
Annie Pinello	Ex-officio, non-voting
Kerry Waldron	Ex-officio, non-voting
Lashone T. Surrency	Executive Director
Zackery Hackley	Finance Director

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 18
SUPPLEMENTAL INFORMATION	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Schedule of Expenditures of Federal Awards and State Financial Assistance	20
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.650, <i>Rules of the Auditor General</i>	21 - 22
Schedule of Findings and Questioned Costs, Federal Awards and State Financial Assistance	23 - 24



INDEPENDENT AUDITOR'S REPORT

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

Winter Park, FL 32789
501 S. New York Ave.
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Phone: 305-445-7956

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

To the Board of Directors of

Early Learning Coalition of Florida's Gateway, Inc.
Lake City, Florida

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the Early Learning Coalition of Florida's Gateway, Inc. (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Coalition as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Coalition and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Prior Period Financial Statements and Report on Summarized Comparative Information

The financial statements of the Early Learning Coalition of Florida's Gateway, Inc. as of June 30, 2023, were audited by other auditors whose report dated February 23, 2024, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2025, on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
January 29, 2025

EARLY LEARNING COALITION OF FLORIDA'S GATEWAY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

ASSETS		
	2024	2023
Current assets		
Cash	\$ 1,329,196	\$ 1,644,877
Due from providers	86,487	67,268
Due from State of Florida	593,018	18,798
Total current assets	2,008,701	1,730,943
Fixed assets		
Computer equipment	31,742	59,316
Office equipment and furniture	31,559	6,086
Leasehold improvements	34,076	34,076
Vehicles	84,447	84,447
Total depreciable assets	181,824	183,925
Accumulated depreciation	(148,074)	(169,815)
Total net fixed assets	33,750	14,110
Intangible assets, net	60,447	-
Right of use asset - operating lease, net	373,775	-
Total assets	\$ 2,476,673	\$ 1,745,053
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 1,309,567	\$ 925,943
Accrued liabilities	82,140	55,948
Due to State of Florida	158,169	556,914
Operating lease liability	83,900	-
Total current liabilities	1,633,776	1,538,805
Non-current operating lease liability	289,875	-
Total liabilities	1,923,651	1,538,805
Net assets		
Without donor restrictions	553,022	206,248
Total liabilities and net assets	\$ 2,476,673	\$ 1,745,053

The accompanying notes are an integral part of these financial statements.

EARLY LEARNING COALITION OF FLORIDA'S GATEWAY, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues, Gain, and Other Support		
School Readiness Funding		
Federal grants	\$ 15,530,322	\$ 19,329,504
State grants	2,906,872	3,149,033
Other contractual	33,954	8,425
Contributions	1,104	6,832
Miscellaneous	5,380	24,845
Total revenues, gains, and other support	<u>18,477,632</u>	<u>22,518,639</u>
Expenses		
Program services		
School readiness	11,952,967	10,814,717
ARPA	2,574,855	7,705,739
Other	27,096	277,565
VPK	2,768,357	3,242,397
Total program services	<u>17,323,275</u>	<u>22,040,418</u>
Supporting services		
Management and general	<u>807,583</u>	<u>491,969</u>
Total operating expenses	18,130,858	22,532,387
Change - increase (decrease) - in net assets	346,774	(13,748)
Net assets at beginning of year	<u>206,248</u>	<u>219,996</u>
Net assets at end of year	<u>\$ 553,022</u>	<u>\$ 206,248</u>

The accompanying notes are an integral part of these financial statements.

EARLY LEARNING COALITION OF FLORIDA'S GATEWAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024

(with summarized financial information for the year ended June 30, 2023)

	Program Services				Management and General	Totals	
	School Readiness	VPK	ARPA	Other		2024	2023
Salaries	\$ 947,728	\$ -	\$ 2,073	\$ -	\$ 448,353	\$ 1,398,154	\$ 1,187,081
Payroll taxes	76,772	-	79	-	36,777	113,628	98,516
Health insurance	37,999	-	696	-	137,528	176,223	148,947
Retirement	26,681	-	77	-	15,119	41,877	41,951
Staff development	6,054	-	11,872	1,846	2,149	21,921	5,407
Professional fees	-	-	734	-	16,541	17,275	18,661
Repairs and maintenance	5,599	-	-	-	2,444	8,043	7,137
Direct services	10,484,980	2,768,357	-	-	-	13,253,337	12,588,767
Occupancy	108,932	-	347	-	53,261	162,540	133,865
Postage, freight and delivery	1,115	-	1,722	-	502	3,339	1,106
Office supplies/expense	16,810	-	30,268	-	10,154	57,232	14,329
Communications	14,213	-	25	-	6,834	21,072	23,581
Insurance	11,097	-	48	-	5,515	16,660	17,485
Equipment <\$1000	-	-	24,697	-	-	24,697	40,480
Quality and classroom supplies	109,946	-	481,182	-	26,330	617,458	74,830
Training materials/space	6,240	-	12,251	-	-	18,491	206,619
Consumer education	8,420	-	322,128	-	8,227	338,775	51,635
Grants to providers	11,991	-	1,677,098	25,000	73	1,714,162	7,476,613
Scholarships & other ed opps	7,745	-	-	-	-	7,745	7,266
Wage incentives	4,142	-	6,950	250	58	11,400	291,050
Travel and training	23,871	-	54	-	9,249	33,174	28,538
Bank fees	-	-	-	-	1,126	1,126	518
Application software licensing	21,573	-	2,499	-	11,097	35,169	25,503
Web service/hosting	15,433	-	18	-	7,297	22,748	12,899
Other employee expenses	2,652	-	3	-	1,031	3,686	5,559
Dues and subscriptions	2,281	-	34	-	1,180	3,495	4,616
Taxes, licenses, fees	693	-	-	-	306	999	13,089
Miscellaneous/other	-	-	-	-	599	599	-
Depreciation	-	-	-	-	5,833	5,833	6,339
Total expenses	\$ 11,952,967	\$ 2,768,357	\$ 2,574,855	\$ 27,096	\$ 807,583	\$ 18,130,858	\$ 22,532,387

The accompanying notes are an integral part of these financial statements.

EARLY LEARNING COALITION OF FLORIDA'S GATEWAY, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 346,774	\$ (13,748)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	8,461	6,339
Decrease (increase) in assets		
Grants receivable	(574,220)	764,798
Due from providers	(19,219)	-
Increase (decrease) in liabilities		
Accounts payable	383,624	(5,693)
Due to State of Florida	(398,745)	443,589
Accrued liabilities	26,192	(56,485)
	(227,133)	1,138,800
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(63,075)	-
Purchase of office equipment and furniture	(25,473)	-
	(88,548)	-
Net cash (used in) investing activities	(88,548)	-
Net (decrease) increase in cash	(315,681)	1,138,800
Cash at beginning of year	1,644,877	506,077
	\$ 1,329,196	\$ 1,644,877
	\$ 1,329,196	\$ 1,644,877
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
ROU asset	\$ 454,670	\$ -
Lease liability	(454,670)	-
	(454,670)	-

The accompanying notes are an integral part of these financial statements.

Early Learning Coalition of Florida's Gateway, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose - The Early Learning Coalition of Florida's Gateway, Inc. (Coalition), is a nonprofit corporation organized on May 2, 2000, for the purpose of providing opportunities for at risk, birth to kindergarten children and enhancing their chances for educational success. The Coalition was specifically formed to implement the provisions of the "Florida School Readiness Act" in the counties of Columbia, Hamilton, Lafayette, Suwannee, and Union.

The Coalition is governed by a voluntary board of directors selected from the five-county area.

The Coalition is primarily funded by grant contracts with the State of Florida Division of Early Learning, which includes State and Federal grant funding for childcare and school readiness programs. The Coalition primarily provides its school readiness and VPK services through contractual arrangements with area childcare providers and school boards.

Revenues supporting the Coalition are primarily federal and state grants, contractual services, and contributions.

Basis of Accounting - The Coalition follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. It uses the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred. Federal, state, and local government and other public grants are recorded as support when performance occurs under the terms of the grant agreement.

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries which benefit more than one program are allocated to the various programs based on employee time spent in each functional area. Other expenses which benefit more than one area are allocated based on the averaged employee time spent in the various cost centers.

Financial Statement Presentation - The financial statement presentation is presented as required by Section 958, Not for Profit Entities, in the Financial Accounting Standards Board (FASB) Accounting Standards Codification.

Under the Codification, the Early Learning Coalition of Florida's Gateway, Inc., is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction, which represents the expendable resources that are available for operations at management's discretion and net assets with donor restrictions which are restricted by the donor as to purpose or time.

In accordance with the above referenced Codification, contributions received are recorded as without donor restrictions or with donor restrictions.

During the years ending June 30, 2024 and 2023, all net assets were classified as net assets without donor restrictions.

Early Learning Coalition of Florida's Gateway, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents - As applicable, cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. At June 30, 2024 and 2023, the Coalition had no investments which are considered cash equivalents.

Property and Depreciation - The Coalition follows the practice of capitalizing all property and equipment expenditures in excess of \$5,000, at cost, or, if donated, at fair market value. The Coalition utilizes straight line depreciation with useful lives ranging from 5-10 years.

Property and equipment are valued at historical cost. Donated property and equipment are valued at estimated fair value at the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Coalition reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Coalition reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and Equipment Acquired by Grants - All property and equipment purchased with funds provided by federal or state funded programs is the property of the federal government or State of Florida. The Coalition uses the property and equipment in its operations and is required to maintain physical control over these assets. The titles to the assets are held by the Coalition. Disposition of fixed assets exceeding established amounts requires prior approval by the federal pass-through agency, the State of Florida, Division of Early Learning (DEL).

Revenue Recognition - The Coalition follows FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when contract performance obligations are met.

The Coalition also follows ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

Revenue from government grants is recorded when earned, which is generally when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Coalition will be required to refund any deficiencies. Management is of the opinion that all monies recognized as revenue have been earned as of June 30, 2024 and 2023. These amounts are reflected as revenue without donor restrictions if received and expended in the same year.

Early Learning Coalition of Florida's Gateway, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from program fees are recognized when the earnings process is substantially complete, and goods have been delivered or services performed. Revenues from program fees are recognized in the year to which they relate. As part of the Voluntary Pre-Kindergarten grants, the Coalition receives advances on revenue which are to be repaid to the state.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions without Donor Restrictions - The Coalition reports contributions with donor restrictions as contributions without donor restrictions when any donor-imposed restrictions are met within the same reporting period in which the contribution is received.

Uncertain Tax Positions - The Coalition considered FASB Codification 740-10-50-15. As a result, it determined that the primary tax position of the Coalition is its filing status as a tax- exempt entity. In addition, the Coalition determined that it is more likely than not that its tax positions would be sustained upon examination by the Internal Revenue Service (IRS).

Prior Year Summarized Comparative Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Coalition's financial statements for the year ended June 30 of the prior year, from which the summarized information was derived.

Adoption of ASU No. 2016-02 - On July 1, 2022, the Coalition adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The ASU was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The adoption resulted in the following changes to the financial statement line items in the year ending June 30, 2023:

Right of use asset	\$ 331,401
Accumulated depreciation - right of use asset	(261,266)
Lease liability	(70,135)
Net assets	-

Adoption of ASU No. 2016-13 - Effective July 1, 2023, the Coalition adopted FASB ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*: Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Coalition adopted this new guidance as of July 1, 2023 utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Coalition's financial statements.

Early Learning Coalition of Florida's Gateway, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses - Expenses are allocated between program services and management and general supporting services. Salaries are allocated based on actual time spent in these activities or administration of programs. Other expenses are allocated based on direct usage or management's estimates of the benefit derived by each activity.

Grants Receivable - Accounts and grant receivables at June 30, 2024 and 2023, consisted of amounts due from state and local agencies and were recorded when services were provided. The Coalition's receivables as of June 30, 2024 and 2023, are due in less than one year and are considered fully collectible.

Intangible Assets - Software subscriptions over \$5,000 are capitalized and stated at cost, and are amortized using the straight-line method over the term of the agreement, generally one to three years.

Income Taxes - The Coalition is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no income tax provision is required in the accompanying financial statements. The Coalition is not classified as a private foundation. Contributions to the Coalition are qualified as deductions for charitable contributions.

Management has analyzed the Coalition's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported, and no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded.

Leases -The Coalition determines if an arrangement is or includes a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under ASU 2016-02, Topic 842 Leases, (Topic 842), a contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Coalition also considers whether its service arrangements include the right to control the use of an asset.

Practical expedients and policy elections are available under the guidance, which was effective July 1, 2022. The Coalition elected the package of practical expedients permitted under the transition guidance, which among other things, did not require reassessment of whether contracts entered into prior to adoption are or contain a lease, and allowed carry forward of the historical lease classification for existing leases.

The Coalition has elected to apply the short-term lease exception to all leases with a term of one year or less. For all other leases, the Coalition recognizes ROU asset and lease liabilities based on the present value of lease payments over the lease term at the commencement date of the lease or adoption date. The Coalition has also elected to use the risk-free discount rate for its leases. The risk-free discount rates are obtained using U.S. Treasury securities as posted on the Federal Reserve website.

Early Learning Coalition of Florida's Gateway, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Coalition's leases include a non-lease component representing additional services transferred to the Coalition, such as common area maintenance for real estate. The Coalition made an accounting policy election to account for each separate lease component and the non-lease components associated with that lease component as a single lease component. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

Advertising - Advertising costs are charged to expenses as incurred and are included in the statement of functional expenses as consumer education. Advertising expenses totaled \$338,775 and \$51,635 for the years ended June 30, 2024 and 2023, respectively.

Reclassifications - Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Subsequent Events - Subsequent events have been evaluated through January 29, 2025, which is the date the financial statements were available to be issued.

NOTE 2. CASH

Cash includes amounts in demand deposits as well as short-term money market investment accounts. Cash in demand deposits is secured by federal depository insurance. There were no restrictions on the cash balances at June 30, 2024 and 2023.

At June 30, 2024 and 2023, the total bank balances were \$1,366,950 and \$4,199,961, respectively, of which \$250,000, was covered by the Federal Deposit Insurance Corporation (FDIC). The remaining balance is insured by the Bureau of Collateral Management, Florida Department of Financial Services.

NOTE 3. DUE FROM STATE OF FLORIDA

Due from the State of Florida consists of amounts owed to the Coalition for child care services provided prior to June 30, 2024 and 2023. Management considers the amounts fully collectible.

No provision for credit losses is provided for in the financial statements. All amounts were collected post-year end.

Due from the State of Florida as of June 30 consisted of the following:

	2024	2023
Federal grants - School Readiness	\$ 593,018	\$ 18,798

Early Learning Coalition of Florida's Gateway, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 4. DUE FROM SCHOOL READINESS PROVIDERS

Due to a software upgrade, estimated amounts were paid to school readiness providers throughout the 2018-19 fiscal year. During the 2019-20 fiscal year, the Coalition corrected the estimated amounts and determined the balances that were owed to/by the Coalition and to/by various providers due to the under/overpayments (estimated vs. actual).

During the year ended June 30, 2024, the Coalition also advanced funds to Providers in the amount of \$19,219, which are owed to the Coalition at year end.

The balances were also subjected to review and approval by the Providers.

Upon the documentation, review, and approval of the amounts; the Providers with balances owed to the Coalition agreed to the following terms: 1. a one-time payment 2. six-month repayment plan or 3. Coalition approved plan, agreeing to monthly payment amounts.

The amount that remains due from providers at June 30, 2024 and 2023 were \$86,487 and \$67,268, respectively.

The Coalition expects the amounts to be repaid and has not recorded an allowance for credit losses.

NOTE 5. FIXED ASSETS AND DEPRECIATION

Depreciation of fixed assets is provided over the estimated useful lives of the respective assets on a straight-line basis. In accordance with the Coalition's policy, assets costing less than \$5,000 are generally fully expensed in their year of acquisition.

Depreciation expense totaled \$5,833 and \$6,339 for the years ended June 30, 2024 and 2023, respectively.

Property and equipment consist of the following at June 30:

Fixed asset type	2024	2023	Life
Computer hardware and furniture	\$ 31,742	\$ 59,316	5
Office equipment and furniture	31,559	6,086	5
Leasehold improvements	34,076	34,076	5-10
Vehicles	84,447	84,447	5
Total fixed assets	181,824	183,925	
Accumulated depreciation	(148,074)	(169,815)	
Net fixed assets	\$ 33,750	\$ 14,110	

Early Learning Coalition of Florida's Gateway, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6. RETIREMENT

In 2015, the Coalition adopted a Safe Harbor 401(k) Plan. Under the plan, the Coalition makes an employer matching contribution of up to six percent of an employee's wages. The individual accounts are one hundred percent vested and are funded on a per-pay-period basis.

The Coalition incurred \$41,877 and \$41,951 in retirement expense for the years ended June 30, 2024 and 2023, respectively.

NOTE 7. OPERATING LEASE - FACILITY

The Coalition previously leased administrative offices at 1104 SW Main Street, Lake City, FL 32025, from Cat Properties of Lake City, LLC under a five-year lease signed in October 2017, with an option to extend for another five years. Effective July 1, 2023, a new five-year lease was signed with Main Blvd Rental LLC for the same office at 1104 SW Main Street ("Building #1") and an additional property at 1086 SW Main Blvd, Ste 101 ("Building #2").

The Coalition does not consider any additional renewal periods to be reasonably certain of being exercised, as comparable locations could generally be identified within the same area for comparable lease rates.

The lease agreement specifies fixed monthly rental payments of \$6,465 for Building #1 (annual total \$77,580) and \$2,500 (annual total \$30,000) for Building #2. A monthly reimbursement for utility fees is paid for each lease in the amount of \$75.

As of June 30, 2024 and 2023, the right-of-use (ROU) asset had a balance of \$373,775 and \$0, respectively, as shown in the statements of financial position; the lease liability is included in current liabilities (\$83,900) and (\$0) and non-current liabilities (\$289,875) and (\$0), respectively. The lease asset and liability were calculated utilizing the risk-free weighted-average discount rate (7.00%), according to the Coalition's elected policy.

Early Learning Coalition of Florida's Gateway, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 7. OPERATING LEASE – FACILITY (continued)

Additional information about the Coalition's leases are as follows:

<u>Lease cost (included in occupancy expenses):</u>	
Operating lease cost	\$ 80,895
Total lease cost	<u>\$ 80,895</u>
<u>Other information:</u>	
Cash paid for amounts included in measuring operating lease liability:	
Operating cash flows from operating lease	\$ 80,895
Total cash paid for amounts included in measuring operating lease liability	<u>\$ 80,895</u>
Weighted-average remaining lease terms (years)	4.00
Weighted-average discount rate	7.00%
Maturities of operating lease liabilities as of June 30 are as follows:	
2025	\$ 107,580
2026	107,580
2027	107,580
2028	107,580
Total lease payments	<u>430,320</u>
Less: interest	<u>(56,545)</u>
Present value of lease liability	<u>\$ 373,775</u>

NOTE 8. CONTINGENCIES

There is a contingent liability because all audits/monitoring's have not been completed for the fiscal year ended June 30, 2024. Under the provisions of the funding agreements, any expenditure determined not in compliance with grant regulations would be subject to repayment by the Coalition.

The Coalition's administration believes that all expenditures were significantly in compliance with grant regulations.

NOTE 9. CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents in a local bank which at times may exceed the FDIC limits. However, because of classification as public funds, any amounts that exceed FDIC coverage are insured through the Bureau of Collateral Management, Division of Treasury, and Department of Financial Services.

The Organization has no policy requiring collateral or other security to support its receivables.

Early Learning Coalition of Florida's Gateway, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10. EXPENSES BY FUNCTION

Expenses by function have been allocated among program and supporting services classifications on the basis of employee time records based on personal activity reports (PARs). Hours by function are entered on a spreadsheet and an average by department (Administrative/finance, Provider Support, and Family Support) is computed. The average by department is totaled by function and multiplied by the total number of employees. The average by employee is used to allocate those costs that are not directly charged. The process is updated on a monthly basis.

The plan was approved by the DEL.

NOTE 11. CONCENTRATION OF REVENUE SOURCES

Approximately 99% of the Coalition's revenue is provided by DEL for June 30, 2024 and 2023, respectively. A significant decline in funding to the Coalition could adversely affect the operating results of the Coalition. The continuance of state and federal funding is subject to annual legislative budgetary review.

NOTE 12. DONATED SERVICES AND GOODS

The Coalition also receives donated services from various individuals. Volunteer services are recorded in accordance with FASB Codification 958-605-25-16 if they: (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by the individuals possessing those skills and would typically need to be purchased if not provided by donation.

Volunteer services were provided to all programs.

Donated goods that are measurable are recorded as support at their fair market values at the date of receipt by the Coalition. A corresponding amount is recorded as an expense or property and equipment.

The donated services and goods received by the Coalition during the years ended June 30, 2024 and 2023 did not meet the revenue recognition criteria above and were not recorded.

NOTE 13. LIQUIDITY AND AVAILABILITY

Liquidity

The Coalition regularly monitors liquidity required to meet its operating needs and other contractual agreements, while also striving to maximize the investment of its available funds. The Coalition has various sources of liquidity at its disposal, including cash and advances from DEL.

The Coalition's goals for maintaining financial assets are indicated in its Financial Policy and Procedures: "monitor cash flow needs on a weekly basis to eliminate idle funds and to ensure that payment obligations can be met."

Early Learning Coalition of Florida's Gateway, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 13. LIQUIDITY AND AVAILABILITY (CONTINUED)

The Coalition's policy for maintaining financial assets is indicated in its Financial Policy and Procedures: "Any funds in excess of two months' anticipated cash flow needs held in the operating checking account shall be transferred into the Organization's money market account."

Due to advances provided by the DEL, the Coalition has not required any short-term funding via a line of credit or other means.

Availability of Resources for General Expenses within One Year

Resources available to fund general operating expenses have monthly variations due to VPK and the related school year. The Organization actively manages its advance from DEL and monthly reimbursement requests to align its inflows with anticipated outflows.

At June 30 2024, existing financial assets and liquidity resources available within one year were as follows:

Cash	\$ 1,329,196
Due from providers	86,487
Due from State of Florida	<u>593,018</u>
Total financial assets available within one year	<u><u>\$ 2,008,701</u></u>

NOTE 14. INTANGIBLE ASSETS

Intangible assets of \$60,447 presented on the statement of financial position at June 30, 2024 consist of the following:

Amortized intangible asset	Remaining Term	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
MarcoPolo software subscription	23 Months	\$ 63,075	\$ (2,628)	\$ 60,447
Total		<u>\$ 63,075</u>	<u>\$ (2,628)</u>	<u>\$ 60,447</u>

Estimated amortization expense over the remaining terms of the intangible assets are as follows:

Years ending June 30:	
2025	\$ 31,536
2026	28,911
	<u>\$ 60,447</u>

During the year ended June 30, 2024, with approval from DEL the Coalition purchased software subscriptions through MarcoPolo for their providers and teachers. The Coalition's future cash flows are not materially impacted by its ability to extend or renew agreements related to its amortizable intangible assets.

Early Learning Coalition of Florida's Gateway, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 15. RECONCILIATION OF DEL CONFIRMED REVENUE TO STATEMENT OF ACTIVITIES BALANCES

The schedule of expenditures of federal awards and state financial assistance follows the accrual basis of accounting. Accounting principles generally accepted in the United States of America require recognition of the expenditures in the period incurred and recognition of the corresponding reimbursement once the amount is earned and collection is certain. Reconciliations of the schedule of expenditures of federal awards and state financial assistance to federal and state expenditures included in the statement of activities and change in net assets is as follows:

Total Expenditures of Federal Awards and State Financial Assistance	\$ 18,521,217
Refunds and adjustments due to DEL	<u>(84,023)</u>
Statement of activities and change in net assets - School Readiness Funding	<u>\$ 18,437,194</u>

NOTE 16. RELATED PARTY TRANSACTIONS

The composition of the Coalition's Board of Directors includes seven persons (includes voting and nonvoting members) associated with Pre-K/School Readiness providers who received payments from the Coalition during the year ended June 30, 2024.

The amounts paid to the providers are as follows:

<u>Board Member</u>	<u>Daycare Provider</u>	<u>Total Expended</u>
T. Boyette	Castle Hill Academy, LLC	\$ 706,945
D. Odum *	Columbia County School Board	642,799
J. Fitzpatrick *	Suwannee County School District	396,219
S. Rimes *	Union County School District	287,593
C. Milton	Hamilton County School Board	162,599
M. Ward	Suwannee Valley 4Cs	159,054
L. Newman *	Lafayette County School Board	86,520

* nonvoting members

The terms of these contracts were substantially the same as for other child care providers.

Early Learning Coalition of Florida's Gateway, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 17. SUBSEQUENT EVENTS

The Coalition's management has evaluated subsequent events through January 29, 2025, the date which the financial statements were available for issuance and reports the following:

Grant Award

On July 1, 2024, the DEL awarded the Coalition the following grant:

EL025 Grant Amount \$15,273,226 (as amended)

NOTE 19. RECONCILIATION OF FINANCIAL RECORDS TO SCHOOL READINESS DATA AND REPORTING SYSTEM

During the year ending June 30, 2024, a monthly reconciliation of the Coalition's financial records to the statewide School Readiness data and reporting system was generally performed in a timely and satisfactory manner based on the advances awarded and actual payments requested.

SUPPLEMENTAL INFORMATION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

To the Board of Directors of
Early Learning Coalition of Florida's Gateway, Inc.
Lake City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Early Learning Coalition of Florida's Gateway, Inc. (the "Coalition"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Coalition's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
January 29, 2025

Winter Park, FL 32789
501 S. New York Ave.
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Phone: 305-445-7956

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

EARLY LEARNING COALITION OF FLORIDA'S GATEWAY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2024

Federal Grantor/Pass through Grantor/Program, Project, or Cluster Title	Federal Assistance Listing/State CSFA Number	Pass-through Entity Identifying Number	Contract Period		Grant/ Contract Amount	Total Federal/State Expenditures	Provided to Subrecipients	Deferred Revenue 6/30/2024
Federal Awards								
U.S. Department of Health and Human Services passed through Florida's Division of Early Learning								
Temporary Assistance for Needy Families	93.558	EL024	7/1/2023	6/30/2024	\$ 3,030,196	\$ 3,030,196	\$ -	\$ -
Temporary Assistance for Needy Families	93.558	EL025	7/1/2024	6/30/2025	19,354	19,354	-	-
Total Temporary Assistance for Needy Families					3,049,550	3,049,550	-	-
Childcare and Development Block Grant *	93.575	EL024	7/1/2023	6/30/2024	3,309,395	3,309,395	-	-
Childcare and Development Block Grant *	93.575	EL025	7/1/2024	6/30/2025	84,167	84,167	-	-
Covid-19 Supplemental CRRSA Act Funds*	93.575	EL024	7/1/2023	6/30/2024	52,908	52,908	-	-
Covid-19 Supplemental ARP Act Funds*	93.575	EL024	7/1/2023	6/30/2024	7,737,416	7,737,416	-	-
Covid-19 Supplemental ARP Act Funds*	93.575	EL025	7/1/2024	6/30/2025	20,468	20,468	-	-
Childcare Mandatory and Matching Funds *	93.596	EL024	7/1/2023	6/30/2024	1,356,697	1,356,697	-	-
Childcare Mandatory and Matching Funds *	93.596	EL025	7/1/2024	6/30/2025	608	608	-	-
Total Child Care and Development Fund Cluster					12,561,659	12,561,659	-	-
Social Services Block Grant	93.667	EL024	7/1/2023	6/30/2024	3,136	3,136	-	-
Total Expenditures of Federal Awards					<u>\$ 15,614,345</u>	<u>\$ 15,614,345</u>	<u>\$ -</u>	<u>\$ -</u>
State Financial Assistance								
Florida's Office of Early Learning								
Voluntary Pre-K Education Program	48.108	EL024	7/1/2023	6/30/2024	2,895,450	2,895,450	-	-
Voluntary Pre-K Education Program	48.108	EL025	7/1/2024	6/30/2025	10,388	10,388	-	-
State General Revenue Unrestricted 2023 - 2024	-	2023 - 2024 SGU	7/1/2023	6/30/2024	1,034	1,034	-	-
Total Expenditures of State Financial Assistance					<u>\$ 2,906,872</u>	<u>\$ 2,906,872</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures of Federal Awards and State Financial Assistance					<u>\$ 18,521,217</u>	<u>\$ 18,521,217</u>	<u>\$ -</u>	<u>\$ -</u>

* Cluster of programs

Note 1. Basis Of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "schedule") is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), State of Florida Chapter 10.650, Rules of the Auditor General, and the Department of Financial Services' State Projects Compliance Supplement (Chapter 10.650). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Summary Of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, and Chapter 10.650 wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. De Minimis Indirect Cost Rate Election

The Coalition has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2024. The indirect costs rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF FLORIDA CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

Winter Park, FL 32789
501 S. New York Ave.
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Phone: 305-445-7956

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

To the Board of Directors of
Early Learning Coalition of Florida's Gateway, Inc.
Lake City, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Early Learning Coalition of Florida's Gateway, Inc.'s (the "Coalition") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, and special audit guidance provided by the Division of Early Learning that could have a direct and material effect on each of the Coalition's major federal programs and state projects for the year ended June 30, 2024. The Coalition's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Coalition complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and State of Florida Chapter 10.650, Rules of the Auditor General (Uniform Guidance)* and special audit guidance provided by the Division of Early Learning. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Coalition and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Coalition's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Coalition's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Coalition's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

Auditor's Responsibilities for the Audit of Compliance (continued)

override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Coalition's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Coalition's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Coalition's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program and state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
January 29, 2025

Early Learning Coalition of Florida's Gateway, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
June 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 5. Auditee qualified as a low-risk auditee? | Yes |

Identification of major programs:

<u>Name of Federal Programs</u>	<u>ALN</u>
Temporary Assistance for Needy Families	93.558
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596

Early Learning Coalition of Florida's Gateway, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2024

Section I – Summary of Auditor's Results (continued)

State Financial Assistance

- 1. Type of auditor's report issued on compliance for major projects: Unmodified
- 2. Internal control over major projects:
 - a. Material weakness(es) identified? No
 - b. Significant deficiencies identified that are not considered to be material weaknesses? None reported
- 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, *Rules of the Auditor General* No
- 4. Dollar threshold used to distinguish between Type A and Type B projects \$750,000

Identification of major projects:

<u>Name of State Project</u>	<u>CSFA Number</u>
Voluntary Pre-Kindergarten Education Program	48.108

Section II – Enhanced Fields System (EFS Mod) monthly reconciliation

- 1. EFS Mod reconciled monthly Yes
- 2. Processes in place to identify and correct errors during monthly reconciliations to EFS Mod Yes
- 3. Coalition's financial records reconcile and agree to EFS Mod records as of program year ended June 30, 2024 Yes
- 4. Audit work papers documenting verification of reconciliations available to DEL staff Yes

Section III – Financial Statement Findings

No current year findings (no corrective action plan or management letter required)

Section IV – Federal Award and State Projects Findings and Questioned Costs

There were no current year audit findings

Section V – Status of Prior Year Audit Findings

There were no prior year audit findings