

**ORANGE COUNTY SCHOOL
READINESS COALITION, INC.
d/b/a
EARLY LEARNING
COALITION OF ORANGE
COUNTY**

**Consolidated Financial
Statements
and Supplemental
Information**

**Years Ended
June 30, 2024 and 2023**

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of
Orange County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Orange County
Orlando, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Orange County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Orange County (a nonprofit organization) (the "Coalition") and the Foundation for Early Childhood Development, Inc. (a nonprofit organization) (the "Foundation") (collectively the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and 2023, and the changes in its net assets and its cash flows for the years 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 Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 consolidated financial statements.

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 Organization'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 Organization'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 consolidated 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 consolidated financial statements. Also, the consolidating schedules are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and are not a required part of the consolidated 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 consolidated 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 consolidated financial statements or to the consolidated 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 and consolidated schedules are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 27, 2025

Early Learning Coalition of Orange County

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,019,571	\$ 34,069,418
Grants receivable	1,343,177	3,960,885
Due from 4C	42,867	48,453
Due from DEL	4,150,236	3,643,720
Other assets	178,803	185,763
Total current assets	11,734,654	41,908,239
Property and equipment, net	-	5,598
Intangible assets, net	3,804,781	-
Operating lease right-of-use asset	2,583,580	2,820,192
Total assets	\$ 18,123,015	\$ 44,734,029
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and other	\$ 7,843,136	\$ 1,493,023
Due to 4C	795,307	26,337,655
Due to DEL	1,982,189	13,106,182
Deferred revenue	533,813	441,784
Accrued compensation	664,441	188,799
Operating lease liability	211,184	193,353
Total current liabilities	12,030,070	41,760,796
Non-current operating lease liability	2,468,483	2,679,667
Total liabilities	14,498,553	44,440,463
Net assets		
Without donor restrictions	3,624,462	293,566
Total net assets	3,624,462	293,566
Total liabilities and net assets	\$ 18,123,015	\$ 44,734,029

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

Early Learning Coalition of Orange County

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2024 and 2023

	2024	2023
REVENUES AND SUPPORT		
Government grants:		
School Readiness	\$ 106,584,582	\$ 168,823,773
Voluntary Pre-Kindergarten	33,740,810	38,041,280
Orange County	3,372,644	5,417,847
Preschool Development	1,172,940	1,705,008
Other grant income	2,151,135	2,151,791
Other income	132,153	134,250
Forgiveness of debt	595,766	-
	<u>147,750,030</u>	<u>216,273,949</u>
EXPENSES		
Program services:		
School Readiness	99,084,246	166,545,219
Voluntary Pre-Kindergarten	33,495,098	37,484,604
Orange County	5,243,165	5,439,563
Other	1,953,013	3,923,285
	<u>139,775,522</u>	<u>213,392,671</u>
Total program services	139,775,522	213,392,671
Coalition support services:		
Management and general	4,643,612	2,926,959
	<u>4,643,612</u>	<u>2,926,959</u>
Total expenses	144,419,134	216,319,630
	<u>144,419,134</u>	<u>216,319,630</u>
Change in net assets	3,330,896	(45,681)
NET ASSETS AT BEGINNING OF YEAR	<u>293,566</u>	<u>339,247</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,624,462</u>	<u>\$ 293,566</u>

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

Early Learning Coalition of Orange County
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,330,896	\$ (45,681)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	803,084	5,597
Forgiveness of debt	(595,766)	
Non-cash rent	43,259	52,828
(Increase) decrease in assets:		
Grants receivable	2,617,708	5,219,761
Due from 4C	5,586	(45,382)
Due from DEL	(506,516)	(3,643,720)
Other assets	6,960	65,004
Increase (decrease) in liabilities:		
Accounts payable and other	6,350,113	317,234
Deferred revenue	92,029	(266,506)
Due to 4C	(24,946,582)	17,458,042
Due to DEL	(11,123,993)	12,928,198
Accrued compensation	475,642	(86,024)
Net cash (used in) provided by operating activities	(23,447,580)	31,959,351
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(4,602,267)	-
Net cash used in investing activities	(4,602,267)	-
Net (decrease) increase in cash and cash equivalents	(28,049,847)	31,959,351
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	34,069,418	2,110,067
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 6,019,571	\$ 34,069,418
 SIGNIFICANT NON-CASH TRANSACTIONS - OPERATING LEASE		
Operating lease right-of-use asset	\$ -	\$ 3,049,672
Operating lease liability	\$ -	\$ (3,049,672)

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

Early Learning Coalition of Orange County

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services				Total	Coalition Support Services	Total
	School Readiness	Voluntary Pre-Kindergarten	Orange County	Other			
Pass-through payments to subrecipients	\$ 79,741,793	\$ 32,913,173	\$ 4,556,708	\$ 128,696	\$ 117,340,370	\$ 734,154	\$ 118,074,524
Quality initiative	12,065,075	-	135,345	198,915	12,399,335	44,550	12,443,885
Salaries and benefits	3,630,382	261,228	497,039	247,271	4,635,920	3,277,967	7,913,887
Professional fees	689,606	27,937	6,000	1,210,856	1,934,399	183,624	2,118,023
Community outreach	923,851	89,709	12,156	22,634	1,048,350	55,747	1,104,097
Office expense	852,337	8,334	1,774	7,372	869,817	102,337	972,154
Amortization expense	548,676	184,561	28,753	10,819	772,809	24,677	797,486
Rent	242,459	7,572	795	61	250,887	93,932	344,819
Repairs and maintenance	95,834	1,619	-	108,490	205,943	71,392	277,335
Other expense	178,031	289	57	5,230	183,607	21,801	205,408
Training and development	54,802	-	-	10,875	65,677	15,476	81,153
Travel	55,913	491	3,063	1,141	60,608	9,467	70,075
Printing and reproduction	5,487	185	1,475	653	7,800	8,488	16,288
Total expenses	\$ 99,084,246	\$ 33,495,098	\$ 5,243,165	\$ 1,953,013	\$ 139,775,522	\$ 4,643,612	\$ 144,419,134

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

Early Learning Coalition of Orange County

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services				Total	Coalition Support Services	Total
	School Readiness	Voluntary Pre-Kindergarten	Orange County	Other			
Pass-through payments to subrecipients	\$ 156,556,086	\$ 36,936,440	\$ 5,220,856	\$ 883,853	\$ 199,597,235	\$ 974,233	\$ 200,571,468
Salaries and benefits	3,061,068	344,928	197,224	552,226	4,155,446	1,390,621	5,546,067
Quality initiatives	5,096,213	49,146	20,960	318,224	5,484,543	18,125	5,502,668
Professional fees	620,295	28,441	-	2,021,566	2,670,302	82,189	2,752,491
Office expense	507,121	41,420	-	12,816	561,357	146,995	708,352
Repairs and maintenance	213,262	18,036	-	13,890	245,188	63,072	308,260
Community outreach	125,564	48,844	-	12,733	187,141	94,221	281,362
Rent	218,387	11,404	-	3,952	233,743	113,519	347,262
Other expense	37,017	313	-	88,998	126,328	26,162	152,490
Travel	42,681	3,336	523	9,356	55,896	15,423	71,319
Training and development	34,403	1,306	-	4,318	40,027	-	40,027
Printing and reproduction	33,122	990	-	1,353	35,465	2,399	37,864
Total expenses	\$ 166,545,219	\$ 37,484,604	\$ 5,439,563	\$ 3,923,285	\$ 213,392,671	\$ 2,926,959	\$ 216,319,630

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

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and nature of activities

Orange County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Orange County (“the Coalition”), was organized on May 9, 2001 as a Florida not-for-profit corporate 501(c)(3) entity. The Coalition was created by Florida Legislators, with the enactment of Section 411.01, Florida Statutes. The Coalition receives funding from federal and state grants through the Division of Early Learning and local funding sources. The Coalition’s mission is to promote high quality school readiness services and after school care through community-responsive policy guidance and program outcome oversight. Led by a board of community leaders, the Coalition’s priority is to ensure that all eligible children, birth through five years of age, in Orange County are afforded the opportunity for developmentally appropriate learning experiences leading to enhanced academic success, as funding permits, and to support the economic self-sufficiency of low income families in need of before and after school care.

Effective December 29, 2002, Foundation for Early Childhood Development, Inc. (“Foundation”) was established as a separate 501(c)(3) organization to benefit and be responsive to the needs of the Coalition and to conduct fundraising activities and act as an endowment for the Coalition to provide services and materials to enhance the development of children prior to entering kindergarten.

The Coalition contracts primarily with Community Coordinated Care for Children, Inc., an independent 501(c)(3), to assist in providing eligible children and families access to Coalition funded services. (See Note E – Related Party Transactions.)

2. Principles of consolidation

The Early Learning Coalition of Orange County and the Foundation for Early Childhood Development, Inc. (collectively the “Organization”) have common members of their Boards of Directors (the “Board”) and utilize the same management and employees. They were organized to achieve common goals. Therefore, the accompanying financial statements are presented on a consolidated basis. All significant intercompany accounts and transactions have been eliminated in consolidation.

3. Revenue recognition

The Organization follows Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU No. 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 Organization 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, respectively.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Revenue recognition (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 Organization receives advances on revenue which are to be repaid to the state.

Contributions to the Organization generally represent unconditional promises to give and are recognized in the period that the promises to give are made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

4. Functional allocation of expenses

The cost of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited.

5. Use of estimates

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

6. Basis of accounting and financial statement presentation

The accompanying consolidated financial statements and accompanying consolidating schedules have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions. Net assets are reflected as revenue without donor restrictions if received and expended in the same year.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Basis of accounting and financial statement presentation (continued)

Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

7. Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization maintains its cash in deposit accounts in banks covered by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures the first \$250,000 of balance per depositor per institution. At June 30, 2024 and 2023, the Organization had \$8,401,728 and \$35,433,565, respectively, in excess of federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

8. Grants receivable and grants advance

Grants receivable are due from federal and state governmental agencies and recorded when services are provided. The Organization's receivables as of June 30, 2024 and 2023 are due in less than one year and management believes that all receivables are fully collectible. Grants advance represents prepayments to subrecipients for future services under grant contracts.

9. Property and equipment

The Organization's policy is to capitalize property and equipment with a cost in excess of \$5,000. Depreciation is computed on the straight line basis over the expected life of the asset. Office furniture is depreciated over ten years.

Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds from the sale of assets therefrom is subject to applicable regulations.

10. Deferred revenue

Deferred revenue represents other program income received but not yet earned, and conditional revenue, which will be recognized as revenue when the condition is met.

11. Leases

The Organization 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.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Leases (continued)

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 Organization 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 Organization 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 Organization 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 Organization 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 July 1, 2022 for existing leases upon the adoption of Topic 842). The Coalition has also elected to use the risk-free discount rate for its leases. The risk-free discount rates were obtained using U.S. Treasury securities as posted on the Federal Reserve website.

The Organization 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.

12. Accounting pronouncements implemented

Effective July 1, 2023, the Organization adopted FASB ASU 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 Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements.

13. Income taxes

The Coalition and the Foundation are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no income tax provision is required in the accompanying consolidated financial statements. The Coalition and Foundation are not classified as private foundations. Contributions to the Organization are generally qualified as deductible charitable contributions for tax purposes.

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

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Subsequent events

Effective June 30, 2024, the Organization terminated the contract with Community Coordinated Care for Children, Inc. (4C), a pass-through entity that previously conducted all eligibility testing and distribution of funds to providers on the Organization's behalf. Community Coordinated Care for Children, Inc. received funds from the Organization and was responsible for the subsequent distribution to various providers. This activity has historically accounted for approximately 90% of the Organization's revenue and expenses.

Moving forward, the Organization will perform these tasks internally. This change is part of the Organization's ongoing efforts to enhance operational efficiency and maintain closer oversight of critical functions. The non-renewal of the contract will result in a significant increase in activity and will necessitate expansion of the Organization's operations. Management is currently evaluating all options related to the expansion of the Organization's operations and does not anticipate any disruption in services or significant financial impact as a result of the change.

During the fiscal 2024 close out of the due to/from accounts with 4C, the Organization recognized a gain on forgiveness of debt of \$595,766.

Management has assessed subsequent events through March 27, 2025, which is the date these consolidated financial statements were available to be issued.

NOTE B – ECONOMIC DEPENDENCE

The Organization received substantially all of its revenue from federal and state contracts during the years ended June 30, 2024 and 2023. The continuance of state and federal funding is subject to annual legislative budgetary review.

NOTE C – 401K PLAN

The Coalition established a 401(k) Plan effective January 1, 2006 for all qualifying employees. All employees with one full year of service and at least 21 years of age are eligible to participate in the Plan. The Coalition's Plan includes a 401(k) match fund for participating employees of .25% per 1% of salary (maximum of 1% match) and 5% Safe Harbor Contribution.

Contributions to the profit sharing component of the Plan are at the discretion of the Coalition and are determined on an annual basis. The Coalition provided for matching contributions of \$294,833 and \$193,859 to the Plan for the years ended June 30, 2024 and 2023, respectively. Employees are immediately vested in their contributions and the matching contributions.

NOTE D – MATCH FROM LOCAL RESOURCES

Funds in the General Appropriations Act, Specific Appropriation 85, totaling \$30,000,000 were provided to expand the provision of services to low income families at or below 200 percent of the federal poverty level as long as the income does not exceed 85 percent of the state median income.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

NOTE D – MATCH FROM LOCAL RESOURCES (continued)

To be eligible for funding, the Coalition must match the state funds on a dollar-for-dollar basis and the local match must comply with federal Child Care and Development Block Grant matching requirements. During the years ended June 30, 2024 and 2023, the local matching requirements were met. .

NOTE E – RELATED PARTY TRANSACTIONS

As mandated by the Florida Statute 411.01 (the School Readiness Act), the Coalition’s Board of Directors members must include a county health department director and a president of a community college or his/her designee as voting related party members. Additional members of the Board are derived from the community at large, as designed by the Coalition’s By-laws. The Coalition’s Board members included the district superintendent of schools or his/her designee, a central agency administrator, a representative of private childcare providers, a representative of faith-based childcare providers and a representative of programs for children with disabilities under the Federal Individuals with Disabilities Education Act. Additionally, an agreement with any other Coalition Board member or their employer is considered a related party. An agreement was entered into with the Orlando Sentinel who has an employee on the Coalition Board.

At June 30, 2024 and 2023, amounts due to related parties are included in current liabilities in the consolidated statements of financial position as follows:

	<u>2024</u>	<u>2023</u>
Community Coordinated Care for Children (4C)	\$ 788,457	\$ 26,337,655
Orange County Public School District	<u>14,940</u>	<u>10,083</u>
Total	<u>\$ 803,397</u>	<u>\$ 26,347,738</u>

In addition, the Coalition has a due from 4C of \$42,867 and \$48,453 for the years ended June 30, 2024 and 2023, respectively, for over payments to providers by 4C.

The Coalition passes through grants received from federal and state agencies to the above organizations which act as sub-recipients of the federal and state grants. Total payments made by the Coalition to these organizations during the years ended June 30, 2024 and 2023 were \$118,074,524 and \$200,571,468, respectively. See Note A14.

Effective July 1, 2010, the Florida Legislature mandated that all board members of Early Learning Coalitions shall be considered eligible to vote on all matters, subject to the restrictions imposed on all board members by the by-laws of the Coalition for related party transactions.

Early Learning Coalition of Orange County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

NOTE F – COMMITMENTS AND CONTINGENCIES

1. Operating leases

As disclosed in Note A, the Organization adopted FASB ASC 842, *Leases* on July 1, 2022. The Organization leases its office spaces under an operating lease. This lease is the only lease required to be included on the statement of financial position under ASC 842. As a result, adopting ASC 842 had no impact to prior year statement of financial position information, and because the lease is an operating lease, the adoption of this standard had no impact on the results of operations.

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. As of June 30, 2024, the Organization had one short-term lease and the right-of-use (ROU) asset had a balance of \$2,583,580, as shown in the statement of financial position, and the lease liability is included in current liabilities (\$211,184) and long-term liabilities (\$2,468,483). The lease asset and liability were calculated utilizing the risk-free weighted-average discount rate (3.95%), according to the Organization's elected policy.

Additional information about the Organization's leases for the year ended June 30, 2024 are as follows:

Lease Costs (included in rent expense)

Operating lease cost	\$ 347,262
Total lease cost	\$ 347,262

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 304,003
Total cash paid for amounts included in measuring operating lease liability	\$ 304,003

Maturities of operating lease liabilities as of June 30, 2024

Year ending June 30:	
2025	\$ 313,884
2026	324,085
2027	334,617
2028	345,493
2029	356,721
Thereafter	1,546,648
Total lease payments	3,221,448
Less: interest	(541,781)
Present value of lease liability	\$ 2,679,667

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

NOTE F – COMMITMENTS AND CONTINGENCIES (continued)

2. Federal and state appropriated funds

Amounts received from federal and state agencies are subject to audit and adjustment at the discretion of those entities. If expenditures are disallowed as a result of these audits, the claims for reimbursement would be a liability of the Organization.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment at June 30 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Office furniture	\$ 39,180	\$ 39,180
Less: accumulated depreciation	<u>(39,180)</u>	<u>(33,582)</u>
Net property and equipment	<u>\$ -</u>	<u>\$ 5,598</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$5,598 and \$5,597, respectively.

NOTE H – CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES

The following tables compare administrative expenses incurred to expenses subject to the maximum administrative expenses allowed by the Division of Early Learning (DEL) for the School Readiness and Voluntary Pre-Kindergarten programs for the years ended June 30, 2024 and 2023:

	<u>School Readiness</u>	<u>Voluntary Pre-Kindergarten</u>	<u>Total</u>
2024:			
Total administrative expenses subject to 5% and 4% maximum	\$ 3,316,455	\$ 979,259	\$ 4,295,714
Maximum 5% and 4% administrative expenses allowable per DEL	<u>4,077,048</u>	<u>1,306,690</u>	<u>5,383,738</u>
Administrative expenses (under) maximum	<u>\$ (760,593)</u>	<u>\$ (327,431)</u>	<u>\$ (1,088,024)</u>
2023:			
Total administrative expenses subject to 5% and 4% maximum	\$ 1,887,084	\$ 1,237,619	\$ 3,124,703
Maximum 5% and 4% administrative expenses allowable per DEL	<u>3,030,919</u>	<u>1,247,794</u>	<u>4,278,713</u>
Administrative expenses (under) maximum	<u>\$ (1,143,835)</u>	<u>\$ (10,175)</u>	<u>\$ (1,154,010)</u>

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

NOTE I – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, quality initiatives, rent, professional fees, office expense, repairs and maintenance, community outreach, training and development, travel, printing and reproduction, and other expense, which are allocated on the basis of estimates of time and effort.

NOTE J – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

	2024	2023
Cash and cash equivalents	\$ 6,019,571	\$ 34,069,418
Grants receivable	1,343,177	3,960,885
Due from 4C	42,867	48,453
Due from DEL	4,150,236	3,643,720
 Total financial assets available within one year	 \$ 11,555,851	 \$ 41,722,476

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Organization receives approximately 98% and 99% of its funding from federal and state grants passed through DEL for the years ended June 30, 2024 and 2023, respectively, which are on a reimbursable basis. Throughout the year, the Organization receives advances and reimbursements each month to cover incurred expenses.

NOTE K – INTANGIBLE ASSETS

Intangible assets of \$3,804,781 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
Learning Beyond software subscription	35 Months	\$ 2,134,080	\$ (59,280)	\$ 2,074,800
MarcoPolo software subscription	8 Months	1,180,288	(365,108)	815,180
TeachStone software subscription	8 Months	851,945	(283,982)	567,963
Teaching Stragies software subscription	32 Months	289,750	(63,333)	226,417
Salesforce software subscription	10 Months	137,704	(22,950)	114,754
LENA software subscription	8 Months	8,500	(2,833)	5,667
 Total		 \$ 4,602,267	 \$ (797,486)	 \$ 3,804,781

Early Learning Coalition of Orange County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

NOTE K – INTANGIBLE ASSETS (continued)

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

Years ending June 30:	
2025	\$ 2,416,341
2026	726,360
2027	662,080
	<u>\$ 3,804,781</u>

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

NOTE L – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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 changes in net assets are as follows:

Federal and State expenditures - schedule of expenditures of federal awards and state financial assistance	\$ 144,312,418
Refunds and adjustments	<u>558,558</u>
Federal and State expenditures - statements of activities and changes in net assets	<u>\$ 144,870,976</u>

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
Orange County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Orange County
Orlando, 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 Orange County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Orange County (a nonprofit organization) (the "Coalition") and the Foundation for Early Childhood Development, Inc. (a nonprofit Organization) (the "Foundation") (collectively the "Organization"), which comprise the statement of financial position as of June 30, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 27, 2025.

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

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Clearwater, FL 33761
29605 US Hwy 19 North
Phone: 727-785-7460

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.

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

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

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 27, 2025



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

To the Board of Directors of
Orange County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Orange County
Orlando, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Orange County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Orange County (a nonprofit organization) (the "Coalition") and the Foundation for Early Childhood Development, Inc.'s (a nonprofit organization) (the "Foundation") (collectively the "Organization") 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 Organization's major federal programs and state project for the year ended June 30, 2024. The Organization'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 Organization 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* (Uniform Guidance), and State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650), and special audit guidance provided by the Division of Early Learning. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650 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 Organization 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 Organization'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 Organization's federal programs and state projects.

Partners

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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 Organization'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 and Chapter 10.650, 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 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 Organization'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, and Chapter 10.650, 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 Organization'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 Organization'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 Organization'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, and which are described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003. Our opinion on each major federal program and state project is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Coalition's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Coalition's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

Report on Internal Control over Compliance (continued)

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 and 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 and 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 27, 2025

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended 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? | Yes |
| 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? | Yes |
| 3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | Yes |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$3,000,000 |
| 5. Auditee qualified as low-risk auditee? | No |

Identification of major programs:

<u>Name of Federal Program</u>	<u>ALN</u>
Child Care and Development Cluster	93.575 & 93.596
Temporary Assistance for Needy Families	93.558
American Rescue Plan Act	21.027

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended 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? | Yes |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, <i>Rules of the Auditor General</i> | Yes |
| 4. Dollar threshold used to distinguish between Type A and Type B projects | \$1,010,980 |

Identification of major projects:

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

Section II – Enhanced Fields System Modernization (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 |

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2024

Section III – Financial Statement Findings

Finding 2024-001 Repeat of PY 2023-001: Preparation of Financial Statements and Significant Adjustments

Criteria: Management is responsible for the preparation and fair presentation of these financial statements.

Condition: Adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these cumulative adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

Cause: Management did not have an effective closing process in place resulting in significant year-end adjustments.

Effect: Incorrect recording of accounting records could lead to a material misstatement on the financial statements.

Recommendation: We recommend that the process for identifying accounting transactions be reviewed and updated.

Section IV – Federal Award and State Financial Assistance Findings and Questioned Costs

Finding 2024-002 Repeat of 2023-002: Timely Remittance of Payment

Federal Programs: ALN 93.575, 93.596, 93.558, 93.104

Criteria: The Organization is required to make payments to vendors within 30 days of receipt of invoice, and approval of goods and services as required by the grant agreement with Florida's Division of Early Learning (DEL).

Condition: Certain payments from the Organization related to federal funding during the year were in excess of the 30 day requirement.

Cause: The Organization experienced turnover in the accounting department during the year, and there was a misunderstanding regarding the payment requirements per the grant guidance.

Effect: Past due payments result in noncompliance with grant and provider agreements.

Recommendation: We recommend that the Organization take proactive measures to monitor and ensure that all invoices will be paid in a timely manner.

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2024

Section IV – Federal Award and State Financial Assistance Findings and Questioned Costs

Finding 2024-003: Timely Remittance of Payment

State Project CFSA: 48.108

Criteria: The Organization is required to make payments to vendors within 30 days of receipt of invoice, and approval of goods and services as required by the grant agreement with Florida's Division of Early Learning (DEL).

Condition: Certain payments from the Organization related to federal funding during the year were in excess of the 30 day requirement.

Cause: The Organization experienced turnover in the accounting department during the year, and there was a misunderstanding regarding the payment requirements per the grant guidance.

Effect: Past due payments result in noncompliance with grant and provider agreements.

Recommendation: We recommend that the Organization take proactive measures to monitor and ensure that all invoices will be paid in a timely manner.

Section V – Status of Prior Year Audit Findings

Finding 2023-001: Preparation of Financial Statements and Significant Adjustments

Criteria: Management is responsible for the preparation and fair presentation of these financial statements.

Condition: Adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these cumulative adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

Cause: Management did not have an effective closing process in place resulting in significant year-end adjustments.

Effect: Incorrect recording of accounting records could lead to a material misstatement on the financial statements.

Recommendation: We recommend that the process for identifying accounting transactions be reviewed and updated.

Resolution: Unresolved, see current year finding 2024-001.

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2024

Section V – Status of Prior Year Audit Findings (continued)

Finding 2023-002: Timely Remittance of Payment

Federal Programs: ALN 93.575, 93.596, 93.558

Criteria: The Organization is required to make payments to SR providers within 21 days of receipt of invoice, and approval of goods and services as required by the grant agreement with Florida’s Division of Early Learning (DEL).

Condition: Certain payments from the Organization related to federal funding during the year were in excess of the 21 day requirement.

Cause: The Organization experienced turnover in the accounting department during the year, and there was a misunderstanding regarding the payment requirements per the grant guidance.

Effect: Past due payments result in noncompliance with grant and provider agreements.

Recommendation: We recommend that the Organization take proactive measures to monitor and ensure that all invoices will be paid in a timely manner.

Resolution: Unresolved, see current year finding 2024-002.

Finding 2023-003: Timely Remittance of Advances

Federal Programs ALN: 93.575, 93.596, 93.558

Criteria: In accordance with the grant agreement and DEL Program Guidance 240.01, *Cash Management Procedures*, any advance that cannot be expended or offset by September 18, must be returned to DEL by October 31 of the following year.

Condition: The Organization did not timely remit the unexpended advance related to the 2022-2023 fiscal year in compliance with the grant agreement and DEL Program Guidance.

Cause: Lack of effective controls surrounding cash management and review of controls to ensure compliance with grant and DEL Program Guidance.

Effect: The Organization did not timely remit the unexpended advance related to the 2022-2023 fiscal year to DEL. The advances were returned in full as of January 25, 2024.

Recommendation: We recommend the Organization implement procedures to ensure that all advances are reconciled on a monthly basis and remitted to DEL in accordance with the grant agreement and DEL guidance.

Resolution: Resolved. The Organization remitted Advances to DEL by the required deadline.

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2024

Section V – Status of Prior Year Audit Findings (continued)

Finding 2023-004: Timely Remittance of Earned Interest

Federal Programs ALN: 93.575, 93.596, 93.558

Criteria: The Organization is required to remit all interest earned on federally funded advances to DEL within 30 days after the fiscal year end per DEL Program Guidance 240.01 *Cash Management* and 2 CFR 200.305(9).

Condition: The Organization failed to remit all earned interest to DEL within the 30 day deadline in accordance with the grant agreement.

Cause: The Organization experienced high management turnover which delayed the calculation of interest earned and remittance to DEL.

Effect: The Organization did not meet the remittance submission deadline requirement as set forth by DEL Program Guidance 240.01 *Cash Management* and 2 CFR 200.305(9). The earned interest was remitted August 2, 2023.

Recommendation: We recommend the Organization designate an individual to calculate interest earned and closely monitor the submission deadline.

Resolution: Resolved. The Organization remitted interest to DEL by the required deadline.

Finding 2023-005: Late Submission of June 30, 2023 Audit Report

Federal Programs ALN: 93.575, 93.596, 93.558

Criteria: The Organization is required to file its audit report each year to the Federal Audit Clearinghouse within nine months after the end of fiscal year in accordance with 34 CFR 200.512.

Condition: The Organization did not file its fiscal 2023 report to the Federal Audit Clearinghouse within nine months after the end of fiscal year

Cause: The Organization experienced employee turnover in key managerial and accounting roles causing delays in close out and completion of the audit.

Effect: The Organization did not meet the submission requirements as set forth by 34 CFR 200.512.

Recommendation: We recommend the Organization closely monitors this important submission requirement to avoid missing the deadline.

Resolution: Resolved. The Organization submitted its audit report within the nine month deadline.

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2024

Section V – Status of Prior Year Audit Findings (continued)

Finding 2023-006: Timely Remittance of Advances

State Project CFSA: 48.108

Criteria: In accordance with the grant agreement and DEL Program Guidance 240.01, *Cash Management Procedures*, any advance that cannot be expended or offset by September 18, must be returned to DEL by October 31 of the following year.

Condition: The Organization did not timely remit the unexpended advance related to the 2022-2023 fiscal year in compliance with the grant agreement and DEL Program Guidance.

Cause: Lack of effective controls surrounding cash management and review of controls to ensure compliance with grant and DEL Program Guidance.

Effect: The Organization did not timely remit the unexpended advance related to the 2022-2023 fiscal year to DEL. The advances were returned in full as of January 25, 2024.

Recommendation: We recommend the Organization implement procedures to ensure that all advances are reconciled on a monthly basis and remitted to DEL in accordance with the grant agreement and DEL guidance.

Resolution: Resolved. The Organization remitted Advances to DEL by the required deadline.

Finding 2023-007: Timely Remittance of Earned Interest

State Project CFSA: 48.108

Criteria: The Organization is required to remit all interest earned on federally funded advances to DEL within 30 days after the fiscal year end per DEL Program Guidance 240.01 *Cash Management* and 2 CFR 200.305(9).

Condition: The Organization failed to remit all earned interest to DEL within the 30 day deadline in accordance with the grant agreement.

Cause: The Organization experienced high management turnover which delayed the calculation of interest earned and remittance to DEL.

Effect: The Organization did not meet the remittance submission deadline requirement as set forth by DEL Program Guidance 240.01 *Cash Management* and 2 CFR 200.305(9). The earned interest was remitted August 2, 2023.

Recommendation: We recommend the Organization designate an individual to calculate interest earned and closely monitor the submission deadline.

Resolution: Resolved. The Organization remitted interest to DEL by the required deadline.

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2024

Section V – Status of Prior Year Audit Findings (continued)

Finding 2023-008: Late Submission of June 30, 2023 Audit Report

State Project CFSA: 48.108

Criteria: The Organization is required to file its audit report each year to the Florida Auditor General within nine months after the end of fiscal year.

Condition: The Organization did not file its fiscal 2023 report to the Florida Auditor General within nine months after the end of fiscal year.

Cause: The Organization experienced employee turnover in key managerial and accounting roles causing delays in close out and completion of the audit.

Effect: The Organization did not meet the submission requirements.

Recommendation: We recommend the Organization closely monitors this important submission requirement to avoid missing the deadline.

Resolution: Resolved. The Organization submitted its audit report within the nine month deadline.

Early Learning Coalition of Orange County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2024

Grantor/Program Title	ALN / CSFA	Award Number	Expenditures	Transfer to Subrecipients
Federal Awards:				
U.S. Department of Health and Human Services				
<i>Passed through State of Florida's Division of Early Learning</i>				
Child Care and Development Block Grant	93.575	EL374	\$ 29,752,844	\$ 24,382,836
Child Care and Development Block Grant	93.575	EL375	1,141,644	935,592
Total Child Care and Development Block Grant			30,894,488	25,318,428
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL374	400,703	328,381
American Rescue Plan Act	93.575	EL374	47,351,660	38,805,291
American Rescue Plan Act	93.575	EL375	141,595	116,039
Total American Rescue Plan Act			47,493,255	38,921,330
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL374	8,184,373	6,707,198
Total Child Care and Development Fund Cluster			86,972,819	71,275,337
Temporary Assistance for Needy Families	93.558	EL374	18,775,352	15,386,641
Preschool Development Grant	93.434	EL374	1,172,940	961,239
Social Services Block Grant	93.667	EL374	25,354	20,778
Total passed through State of Florida's Division of Early Learning			106,946,465	87,643,995
<i>Passed through the Orange County, Florida</i>				
Substance Abuse and Mental Health Services Administration	93.104	Y22-212	233,489	-
Total U.S. Department of Health and Human Services			107,179,954	87,643,995
U.S. Department of Treasury				
<i>Passed through the Orange County, Florida</i>				
American Rescue Plan Act	21.027	Y22-2408	3,433,140	2,813,502
Total U.S. Department of Treasury			3,433,140	2,813,502
Total Expenditures of Federal Awards			\$ 110,613,094	\$ 90,457,497
State Financial Assistance:				
State of Florida Department of Education				
<i>Passed through State of Florida's Division of Early Learning</i>				
Voluntary Pre-Kindergarten - GR	48.108	EL374	\$ 33,699,324	\$ 27,617,027
Total Expenditures of State Financial Assistance			\$ 33,699,324	\$ 27,617,027

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance 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 Florida Department of Fiscal Service's State Projects Compliance Supplement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Indirect Cost Rates

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.

See independent auditor's report.



MANAGEMENT LETTER

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To the Board of Directors of
Orange County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Orange County
Orlando, Florida

Report on the Financial Statements

We have audited the financial statements of Orange County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Orange County (a nonprofit organization) (the "Coalition") and the Foundation for Early Childhood Development, Inc. (a nonprofit organization) (the "Foundation") (collectively the "Organization"), as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated March 27, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States; 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* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 27, 2025, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that have occurred, or are likely to have occurred, that has an effect on the financial statements or State project amounts that is less than material but warrants the attention of those charged with governance. In connection with our audit, we disclosed a material weakness and grant agreement noncompliance findings which are disclosed in Sections III and IV of the Schedule of Findings and Questioned Costs.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 27, 2025



MANAGEMENT'S CORRECTIVE ACTION PLAN

Finding 2024-001 Repeat of PY 2023-001: Preparation of Financial Statements and Significant Adjustments

Criteria: Management is responsible for the preparation and fair presentation of these financial statements.

Condition: Adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these cumulative adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

Cause: Management did not have an effective closing process in place resulting in significant year-end adjustments.

Effect: Incorrect recording of accounting records could lead to a material misstatement on the financial statements.

Recommendation: We recommend that the process for identifying accounting transactions be reviewed and updated.

Corrective Action Plan: Management will review the process for identifying accounting transactions and ensure they are updated. Management will identify training opportunities for staff and restructure staff and function as needed.

Responsible Party: Jenny Longo, CFO

Anticipated Completion Date: April 2025

Finding 2024-002 Repeat of PY 2023-002: Timely Remittance of Payment

Federal Programs ALN: 93.575, 93.596, 93.558, 93.104

Criteria: The Organization is required to make payments to vendors within 30 days of receipt of invoice, and approval of goods and services as required by the grant agreement with Florida's Division of Early Learning (DEL).

Condition: Certain payments from the Organization related to federal funding during the year were in excess of the 30 day requirement.

Cause: The Organization experienced turnover in the accounting department during the year, and there was a misunderstanding regarding the payment requirements per the grant guidance.

Effect: Past due payments result in noncompliance with grant and provider agreements.

Recommendation: We recommend that the Organization take proactive measures to monitor and ensure that all invoices will be paid in a timely manner.

Corrective Action Plan: Management will make sure that measures are in place to monitor and ensure that the Organization will remain in compliance with statutory requirements. Additionally, management will make sure that accounts payable reconciliations are completed monthly. Reconciliations will be reviewed and approved with supporting documentation for accuracy and timeliness.

Responsible Party: Jenny Longo, CFO

Anticipated Completion Date: April 2025

Finding 2024-003: Timely Remittance of Payment

State Project CFSA: 48.108

Criteria: The Organization is required to make payments to vendors within 30 days of receipt of invoice, and approval of goods and services as required by the grant agreement with Florida's Division of Early Learning (DEL).

Condition: Certain payments from the Organization related to federal funding during the year were in excess of the 30 day requirement.

Cause: The Organization experienced turnover in the accounting department during the year, and there was a misunderstanding regarding the payment requirements per the grant guidance.

Effect: Past due payments result in noncompliance with grant and provider agreements.

Recommendation: We recommend that the Organization take proactive measures to monitor and ensure that all invoices will be paid in a timely manner.

Corrective Action Plan: Management will make sure that measures are in place to monitor and ensure that the Organization will remain in compliance with statutory requirements. Additionally, management will make sure that accounts payable reconciliations are completed monthly. Reconciliations will be reviewed and approved with supporting documentation for accuracy and timeliness

Responsible Party: Jenny Longo, CFO

Anticipated Completion Date: April 2025

Signature: *Jenny Longo*

Title: Chief Financial Officer

Date: March 27, 2025

Early Learning Coalition of Orange County

CONSOLIDATING SCHEDULE FOR STATEMENT OF FINANCIAL POSITION

June 30, 2024

	Early Learning Coalition of Orange County	Foundation for Early Childhood Development, Inc.	Eliminations	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 5,992,073	\$ 27,498	\$ -	\$ 6,019,571
Grants receivable	1,343,177	-	-	1,343,177
Due from 4C	42,867	-	-	42,867
Due from DEL	4,150,236	-	-	4,150,236
Other assets	178,803	-	-	178,803
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	11,707,156	27,498	-	11,734,654
Intangible assets, net	3,804,781	-	-	3,804,781
Operating lease right-of-use asset	2,583,580	-	-	2,583,580
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 18,095,517</u>	<u>\$ 27,498</u>	<u>\$ -</u>	<u>\$ 18,123,015</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and other	\$ 7,843,136	\$ -	\$ -	\$ 7,843,136
Due to 4C	795,307	-	-	795,307
Due to DEL	1,982,189	-	-	1,982,189
Deferred revenue	533,813	-	-	533,813
Accrued compensation	664,441	-	-	664,441
Operating lease liability	211,184	-	-	211,184
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	12,030,070	-	-	12,030,070
Non-current operating lease liability	2,468,483	-	-	2,468,483
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	14,498,553	-	-	14,498,553
Net assets				
Without donor restrictions	3,596,964	27,498	-	3,624,462
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	3,596,964	27,498	-	3,624,462
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 18,095,517</u>	<u>\$ 27,498</u>	<u>\$ -</u>	<u>\$ 18,123,015</u>

See independent auditor's report.

Early Learning Coalition of Orange County

**CONSOLIDATING SCHEDULE FOR STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS**

Year Ended June 30, 2024

	Early Learning Coalition of Orange County	Foundation for Early Childhood Development, Inc.	Eliminations	Total
REVENUES AND SUPPORT				
Government grants:				
School Readiness	\$ 106,584,582	\$ -	\$ -	\$ 106,584,582
Voluntary Pre-Kindergarten	33,740,810	-	-	33,740,810
Orange County	3,372,644	-	-	3,372,644
Preschool Development	1,172,940	-	-	1,172,940
Other grant income	2,151,135	-	-	2,151,135
Other income	132,153	-	-	132,153
Forgiveness of debt	595,766	-	-	595,766
	<u>147,750,030</u>	<u>-</u>	<u>-</u>	<u>147,750,030</u>
EXPENSES				
Program services:				
School Readiness	99,084,246	-	-	99,084,246
Voluntary Pre-Kindergarten	33,495,098	-	-	33,495,098
Orange County	5,243,165	-	-	5,243,165
Other	1,953,013	-	-	1,953,013
	<u>139,775,522</u>	<u>-</u>	<u>-</u>	<u>139,775,522</u>
Coalition support services:				
Management and general	4,643,269	343	-	4,643,612
	<u>144,418,791</u>	<u>343</u>	<u>-</u>	<u>144,419,134</u>
Change in net assets	3,331,239	(343)	-	3,330,896
NET ASSETS AT BEGINNING OF YEAR	<u>265,725</u>	<u>27,841</u>	<u>-</u>	<u>293,566</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,596,964</u>	<u>\$ 27,498</u>	<u>\$ -</u>	<u>\$ 3,624,462</u>

See independent auditor's report.