SANTA ROSA COUNTY SCHOOL READINESS COALITION, INC. d/b/a EARLY LEARNING COALITION OF SANTA ROSA COUNTY

Financial Statements and Supplemental Information

Years Ended June 30, 2024 and 2023

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 16
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*	17
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*	18 - 19
Schedule of Findings and Questioned Costs Federal Awards and State Financial Assistance	20 - 22
Schedule of Expenditures of Federal Awards and State Financial Assistance	23
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	24

MKA
CERTIFIED PUBLIC ACCOUNTANTS

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
Santa Rosa County School Readiness Coalition, Inc.
Milton, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Santa Rosa County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Santa Rosa County(a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 Santa Rosa County School Readiness Coalition, Inc. 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 Santa Rosa County School Readiness Coalition, Inc. 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 opinion.

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 Santa Rosa County School Readiness Coalition, Inc.'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

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

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.

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 Santa Rosa County School Readiness Coalition, Inc'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 Santa Rosa County School Readiness Coalition, Inc.'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,* and 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.

Report on Summarized Comparative Information

We have previously audited Santa Rosa County School Readiness Coalition, Inc.'s financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 12, 2025 . 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 February 12, 2025 , on our consideration of Santa Rosa County School Readiness Coalition, Inc.'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 Santa Rosa County School Readiness Coalition, Inc.'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 Santa Rosa County School Readiness Coalition, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 12, 2025

Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

ASSETS

	2024	2023
Current assets		
Cash and cash equivalents	$ 576,325	$ 858,426
Grants receivable	609,872	112,091
Prepaid expenses	22,118	22,081
Total current assets	1,208,315	992,598
Operating right-of-use asset	92,697	170,382
Intangible asset	80,233	-
Other assets	6,883	6,883
Total assets	$ 1,388,128	$ 1,169,863

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	$ 542,528	$ 390,994
Due to service providers	415,332	384,378
Accrued liabilities	90,558	70,368
Deferred revenue	9,839	9,839
Operating lease liability	86,719	81,576
Total current liabilities	1,144,976	937,155
Non-current operating lease liability	10,917	97,636
Total liabilities	1,155,893	1,034,791
Net assets		
Without donor restrictions	232,235	135,072
Total liabilities and net assets	$ 1,388,128	$ 1,169,863

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

Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2024 and 2023

	2024	2023
PUBLIC SUPPORT AND REVENUE		
Federal awards	$ 8,673,250	$ 12,608,954
State financial assistance	3,131,567	3,419,796
Local match	46,800	46,798
Other income	16,789	15,457
Contributed non-financial assets	3,500	42,946
Total public support and revenue	11,871,906	16,133,951
EXPENSES		
Program services:		
School readiness	5,077,835	4,600,461
American rescue plan act	3,318,703	7,828,063
Voluntary pre-kindergarten	3,037,272	3,314,536
Other	4,900	16,819
Total program services	11,438,710	15,759,879
Supporting services:		
Administrative and general	336,033	384,016
Total expenses	11,774,743	16,143,895
Changes in net assets	97,163	(9,944)
Net assets, beginning of year	135,072	145,016
Net assets, end of year	$ 232,235	$ 135,072

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

Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024
(with summarized financial information for the year ended June 30, 2023)

	2024						2023
	School Readiness	American Rescue Plan Act	Voluntary Pre-Kindergarten	Other	Administrative and General	Total Expenses	Total Expenses
Contract services	$ 4,362,178	$ 479,027	$ 3,026,226	$ 2,488	$ -	$ 7,869,919	$ 14,835,847
Materials and supplies	54,099	2,609,672	-	1,297	-	2,665,068	248,598
Salaries	538,690	116,859	9,685	-	244,595	909,829	768,240
Rent and utilities	66,174	13,473	94	35	28,470	108,246	110,039
Professional and technical	9,300	4,020	17	-	32,355	45,692	46,262
Advertising	-	41,896	-	-	-	41,896	-
Furniture and equipment	12,097	11,583	34	4	5,944	29,662	17,992
Miscellaneous	388	19,233	2	928	2,013	22,564	12,261
Communications	12,977	2,458	39	-	5,585	21,059	23,653
Travel	9,327	1,584	1,138	10	6,791	18,850	15,304
Amortization	-	12,930	-	-	-	12,930	-
Training and education	5,585	5,200	-	-	250	11,035	6,065
Insurance and bond premiums	1,978	485	2	-	3,748	6,213	5,449
Repairs and maintenance	2,836	283	12	-	1,112	4,243	7,762
Dues and subscriptions	2,206	-	23	138	1,670	4,037	3,477
Non-financial expenses	-	-	-	-	3,500	3,500	42,946
Total expenses	$ 5,077,835	$ 3,318,703	$ 3,037,272	$ 4,900	$ 336,033	$ 11,774,743	$ 16,143,895

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

Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County

STATEMENTS OF CASH FLOWS

Year Ended June 30, 2024

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 97,163	$ (9,944)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Amortization of right of use asset	77,685	35,240
Amortization	12,930	-
Decrease (increase) in assets		
Grants receivable	(497,781)	(54,158)
Prepaid expenses	(37)	(1,159)
Other assets	-	2,314
Increase (decrease) in liabilities		
Accounts payable	151,534	209,062
Due to service providers	30,954	29,513
Accrued liabilities	20,190	(6,712)
Deferred revenue	-	3
Operating lease liability	(81,576)	(26,410)
Net cash (used in) provided by operating activities	(188,938)	177,749
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(93,163)	-
Net cash (used in) investing activities	(93,163)	-
Net (decrease) increase in cash and cash equivalents	(282,101)	177,749
Cash and cash equivalents at beginning of year	858,426	680,677
Cash and cash equivalents at end of year	$ 576,325	$ 858,426
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
ROU Asset - implementation	$ -	$ 251,198
Lease Liability - implementation	-	(251,198)

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

Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A – NATURE OF ORGANIZATION

The Santa Rosa County School Readiness Coalition, Inc., d/b/a Early Learning Coalition of Santa Rosa County (the "Coalition"), is a not-for-profit organization incorporated in the State of Florida in 1999 as a result of the implementation of the School Readiness Act, Chapter 411 Florida Statutes. Its primary purpose is to provide a program to prepare pre-school children in Santa Rosa County, Florida to enter kindergarten ready to learn. The Coalition is required to implement a comprehensive program of readiness services that enhance the cognitive, social, and physical development of children to achieve performance standards and outcome measures specified by the State.

The majority of the revenues are received from federal and state sources through State of Florida's Division of Early Learning ("DEL"). Other revenues are through local sources.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Coalition reports 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 of Directors ("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 Coalition 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 statements of activities and changes in net assets as net assets released from restrictions.

Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Coalition to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy. As of June 30, 2024 and 2023 there were no net assets with donor restrictions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Comparative information

   The financial statements include certain prior-year summarized information in total but not by net asset class or function. Such information does not 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, 2023 from which the summarized information was derived.

3. Cash and cash equivalents

   For purposes of the statements of cash flows, the Coalition considers all unrestricted, checking, saving, and money market accounts and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Functional allocation of expenses

   The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

   Administration and General: This designation includes the functions necessary to maintain the Coalition's programs and activities; to provide coordination and articulation of the Coalition's program strategy through oversight of an executive director; to secure the proper administrative functioning of the Board; and to manage the financial and budgetary responsibilities of the Coalition.

   Programs Services: The following programs are included in the accompanying financial statements:

   School Readiness – This program provides for early education and care for children of families with limited incomes and enables parents to gain and/or sustain their economic self-sufficiency through maintenance of employment or participation in job skill/vocational training leading to employment. The program provides for the needs of children from low income families that are working, children from families that are transitioning from welfare to self-sufficiency, and children that are under protective supervision or in foster care placement. Program participants have access to health, developmental, educational screenings and other support services. Caregivers are held accountable for providing safe learning environments that nurture and cultivate the child's cognitive, language, motor, social, and self-help skills. All services are provided in accordance with the Santa Rosa County School Readiness Plan and state and federal laws and regulations.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Functional allocation of expenses (continued)

   American Rescue Plan Act – Program provides direct assistance to eligible childcare providers to support their financial stability and offset unexpected costs associated with the COVID-19 pandemic.

   Voluntary Pre-Kindergarten – This program consists of state mandated dollars used to support a voluntary pre-kindergarten program for all four-year-old children. Funding is based on a base student allocation per full-time equivalent student in the Voluntary Pre-Kindergarten Education program and is determined at the state level.

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. Grants receivable

   Grants receivable consists of grants due from federal and state governmental agencies and are recorded when services are provided. The grants receivable as of June 30, 2024 and 2023 are due in less than one year and management believes they are fully collectible.

7. Credit risk

   Financial instruments, which potentially expose the Coalition to concentrations of credit risk, consist principally of cash bank deposits. The Coalition's policy is to place its cash investments in accounts with high quality financial institutions which are Federal Deposit Insurance Corporation insured, which provide coverage on balances up to $250,000 per depositor per institution.

   The Coalition maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Coalition 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. The Coalition acknowledges that balances over the insured amount are subject to risk.

8. Revenue recognition

   The Coalition 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 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Revenue recognition (continued)

   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.

   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.

9. Property and equipment

   The Coalition's policy is to capitalize property and equipment with a cost in excess of $5,000 and a useful life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful life of five years.

   Property acquired with governmental funds is considered to be owned by the Coalition 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 therefore is subject to applicable regulations. As of June 30, 2024 and 2023, the Coalition did not have any property and equipment and did not report any depreciation expense.

10. 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.

11. 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. 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 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.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index).

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.

13. Contributed non-financial assets

Donated services, materials, and facilities 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 expense or property and equipment. Donated materials (books) and services totaled $0 and $3,500 for the year ended June 30, 2024, respectively. Donated materials (books) and services totaled $41,446 and $1,500 for the year ended June 30, 2023, respectively.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Advertising

Advertising costs are charged to expense as incurred. As of June 30, 2024, advertising expense was $41,896 and $0, respectively.

15. Implemented accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Topic 842 Leases*, (Topic 842) that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. The guidance also eliminates today's real estate specific provisions for all entities. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Coalition adopted the lease standard effective July 1, 2022 as disclosed in Note F.

Effective January 1, 2023, the Coalition 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 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.

16. Reclassification

Certain reclassifications have been made to prior yar amounts to conform to eh current year presentation.

17. Subsequent events

Management has evaluated the effect subsequent events would have on the financial statements through the date of these financial statements were available to be issued on February 12, 2025 .

NOTE C – CONCENTRATIONS

1. Economic dependency

   The Coalition 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.

2. Concentration of credit risk

   The activities of the Coalition are conducted in Santa Rosa County, Florida and are supported by funding provided by government agencies. Expenditures incurred by the Coalition associated with the execution of various grants are subject to audit and possible disallowance by the grantor agency. The Coalition would be held responsible for recovery (reimbursement to the grantor agency) of disallowed amounts. Management believes that if audited, any adjustment for disallowed expenses would be immaterial in amount.

NOTE D – RETIREMENT PLAN

The Coalition established on August 1, 2009 a tax deferred retirement plan effective for all qualifying employees. All regular full time employees are eligible to participate in the plan. The plan includes a 401(k) match fund for participating employees in an amount at the discretion of the Coalition and are determined on an annual basis. Matching contributions vest over a 6-year period. Matching contributions for the plan for the years ended June 30, 2024 and 2023 was $15,525 and $14,231, respectively.

NOTE E – COMMITMENTS AND CONTINGENCIES

1. On June 30, 2024, the Coalition entered into a funding agreement with DEL for the fiscal year ending June 30, 2025. DEL awarded the Coalition $6,942,717 to be expended for school readiness programs and services as described in the Coalition's School Readiness Plan. The Coalition's School Readiness Plan provides for a comprehensive program of readiness services that enhance the cognitive, social, physical development of children to achieve the performance standards and outcome measures as specified by DEL. DEL also awarded the Coalition $3,251,375 for the Voluntary Pre-Kindergarten program.

2. The Coalition leases its office spaces under operating leases. These leases are the only leases required to be included on the statement of financial position under Topic 842.

   As of June 30, 2024 and 2023, the right-of-use (ROU) asset had a balance of $92,697 and $107,382, respectively, as shown in the statements of financial position; the lease liability is included in current liabilities ($86,719) and ($81,576) and long-term liabilities ($10,917) and ($97,636), respectively. The lease asset and liability were calculated utilizing the risk-free weighted-average discount rate (4.46%), according to the Coalition's elected policy.

NOTE E – COMMITMENTS AND CONTINGENCIES (continued)

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

Lease cost (included in rent):	
Operating lease cost	$ 85,119
Total lease cost	$ 85,119
Other information:	
Cash paid for amounts included in measuring operating lease liability:	
Operating cash flows from operating lease	$ 89,010
Total cash paid for amounts included in measuring operating lease liability	$ 89,010
Weighted-average remaining lease terms (years)	1.09
Weighted-average discount rate	4.46%
Maturities of operating lease liabilities as of June 30 are as follows:	
2025	$ 89,964
2026	11,064
Total lease payments	101,028
Less: interest	(3,392)
Present value of lease liability	$ 97,636

NOTE F – 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 rent and utilities, and repairs and maintenance, which are allocated on a square footage basis, as well as salaries, professional and technical, and training and education, which are allocated on the basis of estimates of time and effort.

NOTE G – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2024	2023
Cash and cash equivalents	$ 576,325	$ 858,426
Grants receivable	609,872	112,091
Total financial assets available within one year	$ 1,186,197	$ 970,517

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

NOTE H – INTANGIBLE ASSETS

Intangible assets of $80,233 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
Teaching Strategies software subscription	23 Months	$ 34,438	$ (8,035)	$ 26,403
MarcoPolo software subscription	11 Months	58,725	(4,895)	53,830
Total		$ 93,163	$ (12,930)	$ 80,233

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

Years ending June 30:	
2025	$ 67,606
2026	12,627
	$ 80,233

During the year ended June 30, 2024, with approval from DEL the Coalition purchased software subscriptions through Teaching Strategies and 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.

SUPPLEMENTAL INFORMATION

MKA
CERTIFIED PUBLIC ACCOUNTANTS

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

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*

To the Board of Directors of

Santa Rosa County School Readiness Coalition, Inc.
Milton, 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 Santa Rosa County School Readiness Coalition, Inc., d/b/a Early Learning Coalition of Santa Rosa County (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and the 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 February 12, 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
February 12, 2025

MKA
CERTIFIED PUBLIC ACCOUNTANTS

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

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
Santa Rosa County School Readiness Coalition, Inc.
Milton, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Santa Rosa County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Santa Rosa County's (the "Coalition") compliance with the types of compliance requirements identified 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 or 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 Chapter 10.650, Rules of the Auditor General of the State of Florida* (Chapter 10.650) 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*, 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 Coalition's compliance with the requirements of each major federal program and state project, as a whole.

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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 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, Chapter 10.650 and special audit guidance provided by the Division of Early Learning 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 or 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, Chapter 10.650, and special audit guidance provided by the Division of Early Learning. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 12, 2025

Santa Rosa County School Readiness Coalition, Inc. d/b/a
Early Learning Coalition of Santa Rosa County

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?	No
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:	$750,000
5. Auditee qualified as low-risk auditee?	Yes

Identification of major programs:

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

Santa Rosa County School Readiness Coalition, Inc. d/b/a
Early Learning Coalition of Santa Rosa County

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 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:

Name of State Project	CSFA Number
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

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

Findings and Questioned Costs – Major Federal Programs

Finding 2023-001: Internal Control over Compliance and Compliance with Monitoring

Federal Programs: ALN 93.575 American Recovery Plan Act

Criteria: In accordance with the grant agreement and Division of Early Learning (DEL) Program Guidance 240.21, *COVID-19 Crisis*, the Coalition is required to perform sampling and monitoring of service providers who receive subgrants under the American Recovery Plan Act (ARPA). Sampling and monitoring are to be completed on a quarterly basis using DEL provided sampling guidance.

Condition: The Coalition did not timely complete the sampling and monitoring of providers for the third and fourth quarters as required by DEL.

Cause: Sampling and monitoring of the providers was delayed due to personnel turnover at the Coalition.

Effect: The Coalition did not meet grant agreement and DEL Program Guidance requirements related to ARPA subgrant funding.

Recommendation: We recommend the Coalition establish procedures to allocate resources to ensure that compliance with monitoring requirements is performed timely.

Resolution: Resolved. The Coalition completed monitoring reports in a timely manner in fiscal year 2024.

Santa Rosa County School Readiness Coalition, Inc. d/b/a
Early Learning Coalition of Santa Rosa County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2024

Grantor/Program Title	ALN CSFA #	Award Number	Expenditures
Federal Awards:			
U.S. Department of Health and Human Services			
Passed through State of Florida's Division of Early Learning			
Child Care and Development Block Grant	93.575	EL444	$ 1,927,947
Coronavirus Response and Relief Supplemental Appropriation Funds	93.575	EL444	11,805
American Rescue Plan Act	93.575	EL444	4,355,632
American Rescue Plan Act	93.575	EL445	46,807
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL444	1,160,420
Total Child Care and Development Fund Cluster			7,502,611
Temporary Assistance for Needy Families	93.558	EL444	1,167,570
Social Services Block Grant	93.667	EL444	3,069
Total Expenditures of Federal Awards			$ 8,673,250
State Financial Assistance:			
State of Florida Department of Education			
Passed through State of Florida's Division of Early Learning			
Voluntary Pre-Kindergarten Education Program	48.108	EL444	$ 3,125,669
Voluntary Pre-Kindergarten Education Program	48.108	EL445	2,741
State General Revenue Unrestricted 2023-2024	-	2023-24 SGU	3,157
Total Expenditures of State Financial Assistance			$ 3,131,567
Total Expenditures of Federal Awards and State Financial Assistance			$ 11,804,817

See independent auditor's report

Santa Rosa County School Readiness Coalition, Inc. d/b/a
Early Learning Coalition of Santa Rosa County

NOTES TO THE SCHEDULE OF EXPENDITURES FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2024

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.

NOTE 4 – SUBRECIPIENTS

The Coalition did not pass through any awards to subrecipients during the year ended June 30, 2024.