

**ESCAMBIA COUNTY SCHOOL
READINESS COALITION, INC.
D/B/A EARLY LEARNING COALITION OF
ESCAMBIA COUNTY**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2024 AND 2023



www.warrenaverett.com

The report accompanying this deliverable was issued
by Warren Averett, LLC.

**ESCAMBIA COUNTY SCHOOL READINESS COALITION, INC.
D/B/A EARLY LEARNING COALITION OF ESCAMBIA COUNTY
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JUNE 30, 2024 AND 2023**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Coalition as of June 30, 2024 and 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 audits 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Coalition and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.650, *Rules of the State of Florida Auditor General*, 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 audits 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2025, on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

Warren Averett, LLC

Pensacola, Florida
February 4, 2025

**ESCAMBIA COUNTY SCHOOL READINESS COALITION, INC.
D/B/A EARLY LEARNING COALITION OF ESCAMBIA COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,538,992	\$ 1,462,198
Grants receivable	193,163	683,305
Other current assets	11,498	10,574
Total current assets	1,743,653	2,156,077
COMPUTERS AND EQUIPMENT, NET	-	3,526
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	349,548	477,981
TOTAL ASSETS	\$ 2,093,201	\$ 2,637,584
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 119,889	\$ 98,839
Accrued expenses	162,896	192,394
Due to service providers	1,215,895	1,836,179
Current portion of operating lease liabilities	132,781	126,280
Total current liabilities	1,631,461	2,253,692
LONG-TERM OPERATING LEASE LIABILITIES, NET OF CURRENT MATURITIES	223,783	356,564
NET ASSETS		
Without donor restrictions	237,957	27,328
TOTAL LIABILITIES AND NET ASSETS	\$ 2,093,201	\$ 2,637,584

See notes to the financial statements.

**ESCAMBIA COUNTY SCHOOL READINESS COALITION, INC.
D/B/A EARLY LEARNING COALITION OF ESCAMBIA COUNTY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
PUBLIC SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS		
Federal and state grants	\$ 27,969,843	\$ 40,018,880
Local match - Escambia Children's Trust	289,503	238,875
Local grants	1,186	53,174
Miscellaneous	17,976	4,541
	<u>28,278,508</u>	<u>40,315,470</u>
TOTAL PUBLIC SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS	28,278,508	40,315,470
EXPENSES		
Program services:		
Subsidized child care	22,688,168	34,087,917
Voluntary Pre-K	4,682,377	5,345,368
Other programs	48,022	165,292
	<u>27,418,567</u>	<u>39,598,577</u>
Total program services	27,418,567	39,598,577
Supporting services:		
Administrative and general	649,312	818,333
	<u>28,067,879</u>	<u>40,416,910</u>
TOTAL EXPENSES	28,067,879	40,416,910
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	210,629	(101,440)
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	<u>27,328</u>	<u>128,768</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	<u><u>\$ 237,957</u></u>	<u><u>\$ 27,328</u></u>

See notes to the financial statements.

**ESCAMBIA COUNTY SCHOOL READINESS COALITION, INC.
D/B/A EARLY LEARNING COALITION OF ESCAMBIA COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Administrative and General</u>	<u>2024 Total</u>
	<u>Subsidized Child Care</u>	<u>Voluntary Pre-K</u>	<u>Other Programs</u>			
PERSONNEL COSTS						
Salaries and wages	\$ 1,510,751	\$ -	\$ -	\$ 1,510,751	\$ 428,913	\$ 1,939,664
Employee benefits	520,418	-	-	520,418	124,075	644,493
Total personnel costs	2,031,169	-	-	2,031,169	552,988	2,584,157
OPERATING EXPENSES						
Contract expenses	19,169,547	4,682,377	-	23,851,924	-	23,851,924
Professional services	50,968	-	-	50,968	28,568	79,536
Equipment and supplies	734,366	-	-	734,366	13,852	748,218
Rentals	117,869	-	2,153	120,022	20,361	140,383
Travel	22,095	-	937	23,032	4,460	27,492
Depreciation	-	-	3,525	3,525	-	3,525
Communications	41,368	-	1,155	42,523	6,921	49,444
Dues and fees	371,009	-	54	371,063	8,301	379,364
Insurance and bond premium	17,025	-	-	17,025	7,881	24,906
Miscellaneous	43,998	-	40,198	84,196	336	84,532
Computer software	20,783	-	-	20,783	4,106	24,889
Repair and maintenance	4,898	-	-	4,898	759	5,657
Staff development	63,073	-	-	63,073	779	63,852
Total operating expenses	20,656,999	4,682,377	48,022	25,387,398	96,324	25,483,722
TOTAL EXPENSES	<u>\$ 22,688,168</u>	<u>\$ 4,682,377</u>	<u>\$ 48,022</u>	<u>\$ 27,418,567</u>	<u>\$ 649,312</u>	<u>\$ 28,067,879</u>

See notes to the financial statements.

**ESCAMBIA COUNTY SCHOOL READINESS COALITION, INC.
D/B/A EARLY LEARNING COALITION OF ESCAMBIA COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Administrative and General</u>	<u>2023 Total</u>
	<u>Subsidized Child Care</u>	<u>Voluntary Pre-K</u>	<u>Other Programs</u>			
PERSONNEL COSTS						
Salaries and wages	\$ 1,392,809	\$ -	\$ 87,312	\$ 1,480,121	\$ 516,681	\$ 1,996,802
Employee benefits	409,889	-	-	409,889	148,095	557,984
Total personnel costs	1,802,698	-	87,312	1,890,010	664,776	2,554,786
OPERATING EXPENSES						
Contract expenses	31,718,212	5,345,368	12,597	37,076,177	-	37,076,177
Professional services	19,489	-	-	19,489	41,928	61,417
Equipment and supplies	294,478	-	49,827	344,305	32,225	376,530
Rentals	113,543	-	30	113,573	34,708	148,281
Travel	14,536	-	-	14,536	3,220	17,756
Depreciation	-	-	8,201	8,201	-	8,201
Communications	46,198	-	-	46,198	12,256	58,454
Dues and fees	20,223	-	2,260	22,483	11,383	33,866
Insurance and bond premium	14,453	-	-	14,453	10,131	24,584
Miscellaneous	8,520	-	5,065	13,585	-	13,585
Computer software	24,012	-	-	24,012	5,397	29,409
Repair and maintenance	1,649	-	-	1,649	401	2,050
Staff development	9,906	-	-	9,906	1,908	11,814
Total operating expenses	32,285,219	5,345,368	77,980	37,708,567	153,557	37,862,124
TOTAL EXPENSES	<u>\$ 34,087,917</u>	<u>\$ 5,345,368</u>	<u>\$ 165,292</u>	<u>\$ 39,598,577</u>	<u>\$ 818,333</u>	<u>\$ 40,416,910</u>

See notes to the financial statements.

**ESCAMBIA COUNTY SCHOOL READINESS COALITION, INC.
D/B/A EARLY LEARNING COALITION OF ESCAMBIA COUNTY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 210,629	\$ (101,440)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	3,525	8,201
Amortization of right-of-use assets	128,434	124,880
Change in operating assets and liabilities:		
Grants receivable	490,142	262,220
Other current assets	(924)	(72)
Accounts payable	21,050	(148,685)
Accrued expenses	(29,498)	86,947
Due to service providers	(620,284)	351,279
Operating lease liabilities	(126,280)	(120,017)
Net cash provided by operating activities	<u>76,794</u>	<u>463,313</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	76,794	463,313
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,462,198</u>	<u>998,885</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,538,992</u></u>	<u><u>\$ 1,462,198</u></u>

See notes to the financial statements.

**ESCAMBIA COUNTY SCHOOL READINESS COALITION, INC.
D/B/A EARLY LEARNING COALITION OF ESCAMBIA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Escambia County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Escambia County (the Coalition) was formed in 2000, as result of the implementation of the School Readiness Act, Chapter 411 Florida Statutes. Its mission is to identify and meet the needs of children and families in Escambia County, Florida, and to lay the foundation for lifetime success. This comprehensive program is achieved by maximizing each child's potential, preparing children to enter school ready to learn and by helping families achieve economic self-sufficiency.

A majority of revenues are received from federal and state sources through the Florida Division of Early Learning (DEL). Other revenues are received through local sources. The following are descriptions of the Coalition's significant programs:

School Readiness/Subsidized Childcare (SR) – 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 and 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 Escambia County School Readiness Plan and state and federal laws and regulations.

Voluntary Pre-Kindergarten (VPK) – This program consists of state mandated funding 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.

Basis of Accounting

The financial statements of the Coalition have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Coalition and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions are net assets available for general use and are not subject to donor restrictions.

Net Assets with Donor Restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature,

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NOTES TO THE FINANCIAL STATEMENTS
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where the donor stipulates that resources be maintained in perpetuity. The Coalition had no donor-imposed restrictions at June 30, 2024 or June 30, 2023.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. A summary of each of the revenue and support flows are as follows:

Gifts and grants, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. Gifts and grants of assets other than cash are recorded at their estimated fair value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of the discount is included in gift and grant revenue in accordance with the donor-imposed restrictions, if any, on the gifts or grants. Gifts or grants with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with restrictions and reclassified to net assets without donor restrictions when such time or purposes restriction has been satisfied.

Gifts of property and equipment are recorded as without donor restrictions, unless the donor explicitly states how such assets should be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. The Coalition reports expirations of donor restrictions when the donated or acquired long-lived asset is placed into service.

Conditional contributions are recorded as revenue when such amounts become unconditional, which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers. Contributions received pending designation by the donor are considered with donor restrictions until known, at which time such are reclassified, if required.

Support funded by grants is recognized as revenue as the Coalition incurs costs associated for program services. Accordingly, as the Coalition incurs direct programmatic expenses eligible for reimbursement under the grant agreements, revenue is recognized along with amounts allowable for overhead. Invoiced and un-invoiced amounts are recorded in grants receivable as such costs are incurred, if grants are funded in advance, as a reduction in the associated deferred revenue from such grantor.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Coalition considers all debt securities purchased within three months of maturity to be cash equivalents. As of June 30, 2024 and 2023, there were no cash equivalents held by the Coalition.

Grants Receivable

Grants receivable are stated at face amount with no allowance for credit losses. Grants receivable represent amounts due typically under cost-reimbursement type grants. An allowance for credit

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

losses is not considered necessary as of June 30, 2024 and 2023, because the estimate of expected credit losses based on historical loss information adjusted for its reasonable and supportable forecast is deemed immaterial.

Computers and Equipment

Computers and equipment are stated at cost. The Coalition's capitalization policy requires applicable costs be capitalized when amounts equal or exceed \$5,000, and the useful life of the asset exceeds one year. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets, which range from three to five years. All computers and equipment of the Coalition were purchased with federal and state government support. As a result, if such assets are disposed, the granting agency that participated in the funding of the purchase has a contractual right to participate in the proceeds from the disposition.

Due to Service Providers

Due to service providers represents the amounts due to independent contractors for contracted services. The Coalition does not have any sub-recipient agencies for which the Coalition acts as a pass-through agency.

Functional Allocation of Expenses

The costs of providing various programs and supporting activities of the Coalition have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among programs and general and administrative expenses based upon allocation guidelines set forth by DEL.

Income Tax

The Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a not-for-profit corporation. The Coalition is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with U.S. GAAP.

Right-Of-Use Lease Assets and Lease Liabilities

Right-of-use assets and liabilities are initially measured at the present value of lease payments over the lease term, discounted using the interest rate implicit in the lease at the commencement date. Right-of-use assets are adjusted for any lease payments made prior to lease commencement, lease incentives and accrued rent. If the rate implicit in the lease cannot be readily determined, the Coalition uses the risk-free interest rate.

The Coalition's leases may include options to extend or terminate the lease. When it is reasonably certain that the Coalition will exercise such options, the lease term includes those periods. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. This affects the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from these estimates.

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NOTES TO THE FINANCIAL STATEMENTS
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Contribution of Services

Contributed professional services are recognized if services create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills. No amounts have been reflected in the financial statements for donated services because such donations did not meet the required criteria.

Evaluation of Subsequent Events

In preparing the financial statements, the Coalition's management has evaluated events and transactions for potential recognition or disclosure through February 4, 2025, which is the date the financial statements were available to be issued.

2. GRANTS RECEIVABLE

Grants receivable at June 30, 2024 and 2023, consists of the following:

	<u>2024</u>	<u>2023</u>
Florida Division of Early Learning	\$ 142,453	\$ 683,305
Escambia Children's Trust	50,710	-
Total	<u>\$ 193,163</u>	<u>\$ 683,305</u>

3. CONCENTRATIONS

The Coalition maintains its cash accounts at one local financial institution, and at times, balances may exceed FDIC insured limits. The balances are insured up to \$250,000 per depositor by the FDIC. At June 30, 2024 and 2023, the Coalition had approximately \$1,590,000 and \$1,981,000 in uninsured cash balances, respectively. The Coalition has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

The Coalition receives a substantial amount of federal and state grants through one state agency. For the fiscal years ended June 30, 2024 and 2023, the agency provided \$27,969,843 and \$40,018,880 of revenue, respectively, which represents 99% of total revenues recorded by the Coalition for each of the fiscal years. As of June 30, 2024 and 2023, the Coalition had grants receivable balances from the agency that amounted to 74% and 100% of total receivables for each of the fiscal years, respectively.

4. EMPLOYEE BENEFIT PLAN

The Coalition sponsors a 401(k) plan for its employees. Employees are eligible for participation in the plan if they have met the three-month service requirement and are at least 21 years old. The plan allows for employer matching contributions and discretionary employer nonelective

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contributions. The Coalition’s current employer matching contribution to the plan is limited to 50% of the first 7% of an employee’s annual compensation. The employer matching contributions are vested by the employees over four years. Any non-vested amounts forfeited during a plan year may be used to pay plan expenses or reduce future employer contributions. Retirement plan expense totaled \$48,380 and \$18,179 during the years ended June 30, 2024 and 2023, respectively.

5. OPERATING LEASE LIABILITIES

The Coalition leases its facility with lease terms expiring in 2027. At June 30, 2024, the weighted average discount rate and the weighted average remaining term (in years) were 2.89% and 2.59, respectively. At June 30, 2023, the weighted average discount rate and the weighted average remaining term (in years) were 2.89% and 3.59, respectively.

The future minimum lease payment for each of the succeeding three years, remaining under the noncancelable operating lease, consisted of the following:

<u>Year ending June 30,</u>	<u>Amount</u>
2025	\$ 140,995
2026	143,815
2027	<u>84,863</u>
Total minimum lease payments	369,673
Less imputed interest	<u>(13,109)</u>
Present value of operating lease liabilities	356,564
Less current portion of operating lease liabilities	<u>(132,781)</u>
	<u><u>\$ 223,783</u></u>

Total operating lease costs were \$140,383 for each of the years ended June 30, 2024 and 2023.

6. RELATED PARTY TRANSACTIONS

The Coalition paid membership dues of \$7,625 and \$6,950 to the Association of Early Learning Coalitions, Inc. for the years ended June 30, 2024 and 2023, respectively.

**ESCAMBIA COUNTY SCHOOL READINESS COALITION, INC.
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Coalition has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations and maintaining sufficient reserves. The following table reflects the Coalition's financial assets, reduced by amounts not available for general expenditures within one year.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,538,992	\$ 1,462,198
Grants receivable	<u>193,163</u>	<u>683,305</u>
Financial assets available to meet cash needs for expenditures within one year	<u><u>\$ 1,732,155</u></u>	<u><u>\$ 2,145,503</u></u>

COMPLIANCE SECTION

**ESCAMBIA COUNTY SCHOOL READINESS COALITION, INC.
D/B/A EARLY LEARNING COALITION OF ESCAMBIA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Grantor / Pass-through Grantor / Program Title</u>	<u>Assistance Listing</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
United States Department of Health and Human Services Passed through Florida Division of Early Learning:				
Temporary Assistance for Needy Families (TANF)	93.558	EL174	\$ 3,673,577	\$ -
Child Care and Development Fund Cluster:				
Child Care and Development Block Grant	93.575	EL174	5,667,756	-
Child Care and Development Block Grant	93.575	EL175	1,671	-
COVID-19 Child Care and Development Block Grant	93.575	EL174	9,863,864	-
COVID-19 Child Care and Development Block Grant	93.575	EL175	23,588	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL174	3,879,929	-
Total Child Care and Development Fund Cluster			19,436,808	-
Social Service Block Grant	93.667	EL174	6,205	-
Total federal awards			23,116,590	-
Florida Division of Early Learning				
Voluntary Pre-Kindergarten Education	48.108	EL174	4,851,537	-
Voluntary Pre-Kindergarten Education - State General Revenue Additional Funding	VMIN2	EL174	1,716	-
Total state financial assistance			4,853,253	-
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 27,969,843</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

**ESCAMBIA COUNTY SCHOOL READINESS COALITION, INC.
D/B/A EARLY LEARNING COALITION OF ESCAMBIA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2024**

1. BASIS OF PRESENTATION

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the State of Florida Auditor General*. Since the schedule presents only a select portion of the operations of the Coalition, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Coalition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity for the year ended June 30, 2024. Expenditures reported on the schedule are reported on the accrual basis of accounting.

3. DE MINIMIS INDIRECT COST RATE ELECTION

The Coalition did not elect to utilize the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' 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
Escambia County School Readiness Coalition, Inc.

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 Escambia County School Readiness Coalition, Inc. (the Coalition) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 4, 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 Coalition'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 of 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.



Pensacola, Florida
February 4, 2025

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

To the Board of Directors
Escambia County School Readiness Coalition, Inc.

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

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

In our opinion, the Coalition complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state project 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 State of Florida Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General*, are further described in the Auditors' 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 the 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 project.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Coalition's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General*, 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.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General*, 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 and Chapter 10.650, *Rules of the State of Florida Auditor General*, 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 Auditors' 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 and Chapter 10.650, *Rules of the State of Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Pensacola, Florida
February 4, 2025

**ESCAMBIA COUNTY SCHOOL READINESS COALITION, INC.
D/B/A EARLY LEARNING COALITION OF ESCAMBIA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards and State Project:

Internal control over major programs/project:		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditors' report issued on compliance for major programs/projects:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and Chapter 10.650, <i>Rules of the State of Florida Auditor General</i> ?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs/project:

Federal Programs

Federal Assistance Listing Number 93.575/93.596 Childcare and Development Fund Cluster

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 750,000</u>	
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

State Project

State Assistance Listing Number 48.108 Voluntary Pre-Kindergarten Education Program

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 750,000</u>
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**ESCAMBIA COUNTY SCHOOL READINESS COALITION, INC.
D/B/A EARLY LEARNING COALITION OF ESCAMBIA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

2. FINDINGS – FINANCIAL STATEMENTS

There were no findings which were required to be reported in accordance with *Government Auditing Standards*.

3. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

There were no findings which were required to be reported in accordance with the Uniform Guidance.

4. FINDINGS AND QUESTIONED COSTS – MAJOR STATE FINANCIAL ASSISTANCE

There were no findings which were required to be reported in accordance with Chapter 10.650, *Rules of the State of Florida Auditor General*.

5. COMMUNICATIONS REQUIRED BY THE FLORIDA DIVISION OF EARLY LEARNING

- | | |
|---|-----|
| 1. A reconciliation of the Coalition’s financial records to the Single Statewide Information System (SSIS) is performed monthly. | Yes |
| 2. The Coalition has processes in place to identify and correct errors noted during the monthly reconciliation process to SSIS. | Yes |
| 3. The Coalition’s financial records and the SSIS records were reconciled and in agreement as of June 30, 2024. | Yes |
| 4. The audit work papers include documentation to verify the above tasks were performed. The work papers are available to review by DEL staff upon request. | Yes |

6. OTHER MATTERS

There were no items relating to federal award programs or state financial assistance required to be reported in the management letter.



**ESCAMBIA COUNTY SCHOOL READINESS COALITION, INC.
D/B/A EARLY LEARNING COALITION OF ESCAMBIA COUNTY
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

SCHEDULE OF PRIOR YEAR FINDINGS

FINDING 2023-001 – LACK OF PROPER CASH RECONCILIATIONS (RECURRING)

Condition

During our audit, we noted the Coalition did not properly reconcile cash for the year under review.

Status

This has been resolved in 2024.

FINDING 2023-002 – ANNUAL FINANCIAL REPORT (RECURRING)

Condition

The Coalition did not meet the filing requirements for the fiscal year ended June 30, 2023.

Status

This has been resolved in 2024.

FINDING 2023-003 – VPK– SPECIAL TESTS PROVISIONS

Condition

During the fiscal year under audit, the Coalition was not able to reconcile its monthly financial records for provider payments to the Statewide Information System on a monthly basis in a timely manner for May and June 2023.

Status

This has been resolved in 2024.