



PROGRESS REPORT

# 2010



Virginia  
Early Childhood  
Foundation



# A Letter from the Chairman and President



**SCOTT L. HIPPERT**  
President



**PAUL O. HIRSCHBIEL**  
Immediate Past Chair

Dear Citizens of the Commonwealth,

The future of education in Virginia, and the United States of America, is dependent upon smart investments and well-educated, engaged citizens. It used to be that America had the highest number of college graduates of all industrialized countries. Just this summer we learned that our nation has slipped into 12th place. This is unacceptable and we need solutions if Virginia and America are to maintain our competitive place in the world economy. The solutions begin in early childhood, well before our future college students, military leaders, and workforce begin kindergarten.

The Virginia Early Childhood Foundation serves as the nexus of these efforts. As a public/private partnership, we provide resources, leadership and technical assistance to make certain that children across the Commonwealth will be able to contribute to our common prosperity. We are the bridge between the state government, local communities, the U.S. Military, and the business sector. Our work is to make certain that Virginia invests wisely in our human capital and to foster efficiency and effectiveness in all efforts to build school-readiness, including the work of state agencies, local communities, private sector endeavors, families and parents. It is a big job, but we are making progress in Virginia.

During fiscal year 2010, we continued to engage business, military and community leaders, elected officials, educators, healthcare professionals, and parents to invest in the foundations of our future success—Virginia's youngest children. Making certain that children start their life and education journeys healthy, eager, and ready to learn can make all the difference in their lives and in our futures.

We are pleased to report that 2010 was a year of growth, strong stewardship of resources, and growing community and political support. We thank our private and public supporters, including the Governor and General Assembly, and encourage all Virginians to join in making investments that draw the greatest return on the dollar. Virginia has a long way to go, but can be proud of the progress we've made. The Virginia Early Childhood Foundation thanks you for your ongoing support, engagement, and investments.

Sincerely,

Scott L. Hippert

Paul O. Hirschbiel

## MISSION

To provide collaborative leadership to foster Smart Beginnings for all young children in Virginia, and through them, a vital future for the Commonwealth.

## VISION

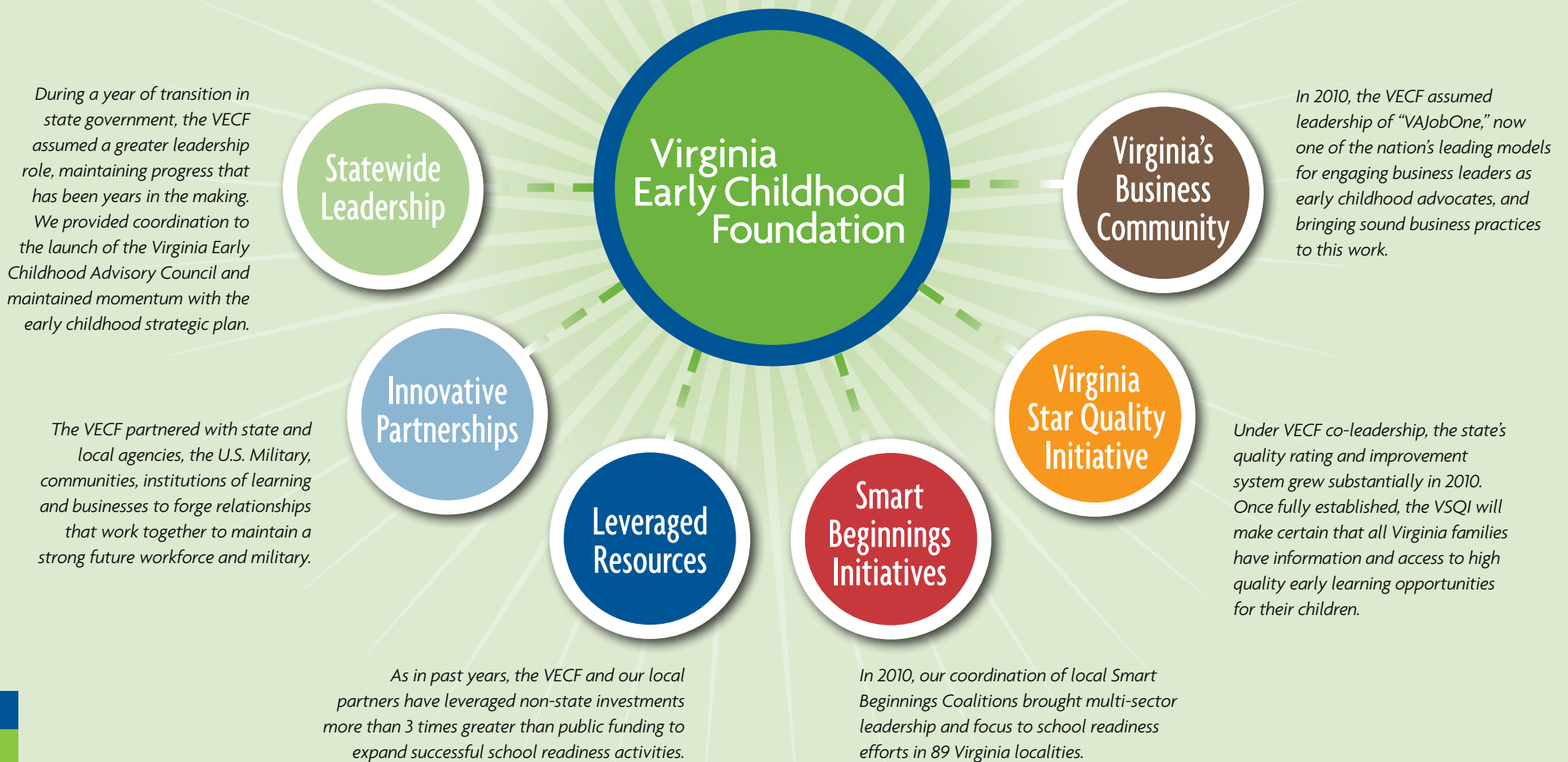
All children in Virginia enter kindergarten healthy and ready to succeed in school and life.

The Virginia Early Childhood Foundation expresses our deepest appreciation to Paul O. Hirschbiel, our Founding Chairman. Because of his leadership of school readiness initiatives, Virginia is in a much stronger position to create long-term prosperity for our Commonwealth. We look forward to continued progress under the leadership of Thomas N. Chewning, who assumed the position of Board Chairman on July 1, 2010.

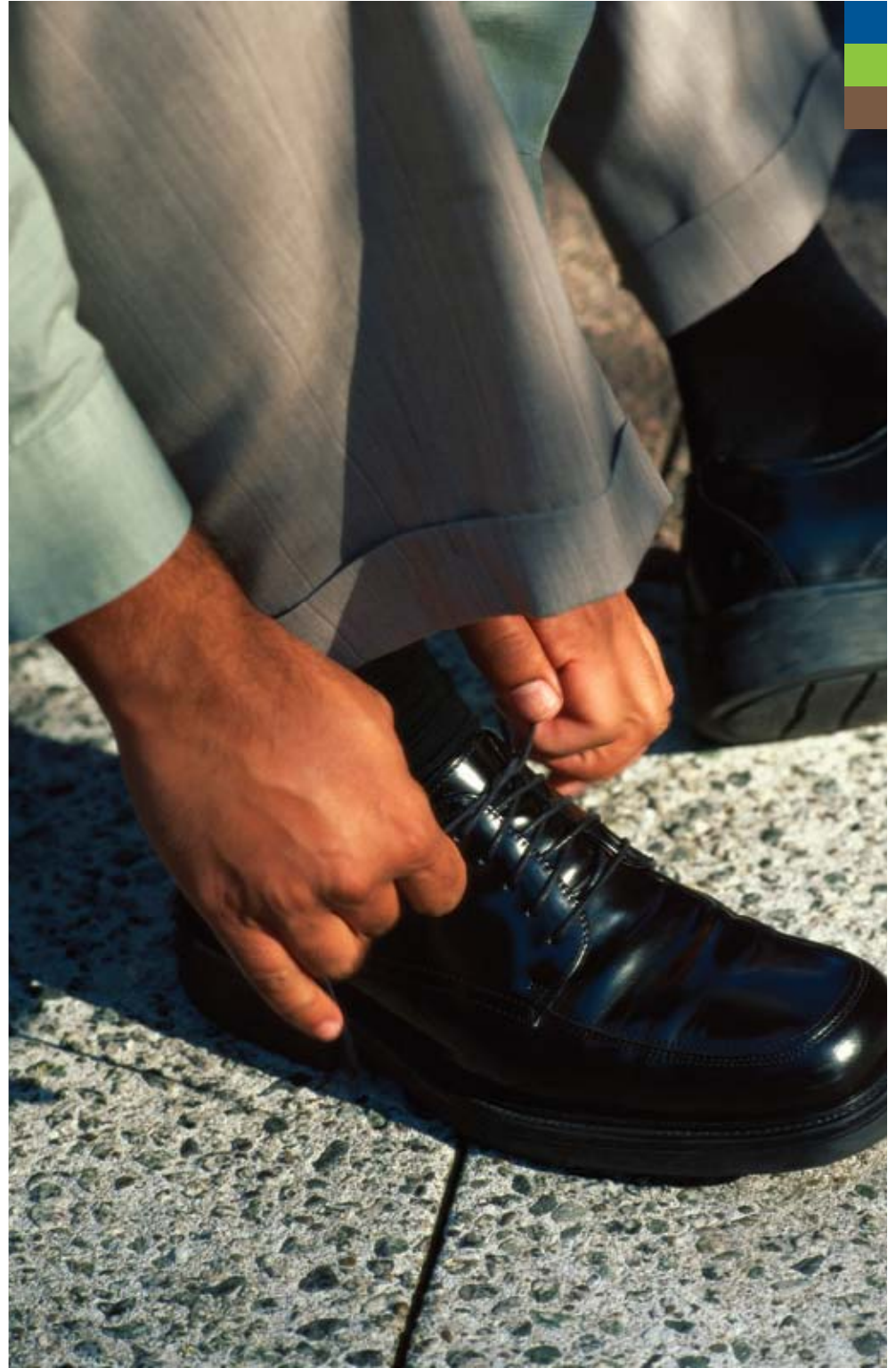
# Providing Leadership for Prosperity

In 2009-2010, the Virginia Early Childhood Foundation (VECF) matured in its leadership role, serving at the nexus of Virginia's school readiness advancements. As a public-private partnership with leadership from Virginia's business community and strong relationships with state government, the U.S. Military, and local communities, we bring private sector solutions to maximize the successful development of Virginia's youngest citizens. Ultimately, we are working to maintain and expand Virginia's economic strength by developing a future-ready workforce and robust military capable of the competition that tomorrow demands.

## AT THE CORE OF SCHOOL READINESS COLLABORATION IN 2010







# Early Childhood Development: Virginia's Best "Ground Floor" Opportunity

## WORKFORCE DEVELOPMENT. ECONOMIC PROSPERITY.

In 2009-2010, these goals became enshrined as the driving forces behind the Virginia Early Childhood Foundation's Smart Beginnings initiatives. Strong local early childhood systems and infrastructures can transform the economic viability of a region by focusing on the lifelong success of its human capital, our youngest children.

To achieve future prosperity, the next generation of Virginians must grow to be an effective, productive workforce and an educated, engaged citizenry. High quality early childhood experiences are inarguably necessary to achieve that goal.

Through the Foundation's support of local Smart Beginnings initiatives, 89 communities focused their resources and efforts to provide greater opportunities for children from ages prenatal to five. These efforts represent the clearest, most cost effective methods of maintaining Virginia's economic prosperity.

Over the past year, our Smart Beginnings partners dramatically increased coordination and collaboration at the local level, building systems that are closely aligned across the Commonwealth. Efforts in localities vary somewhat, but all share the common goal of closing crippling achievement gaps for today's children – and tomorrow's workforce.

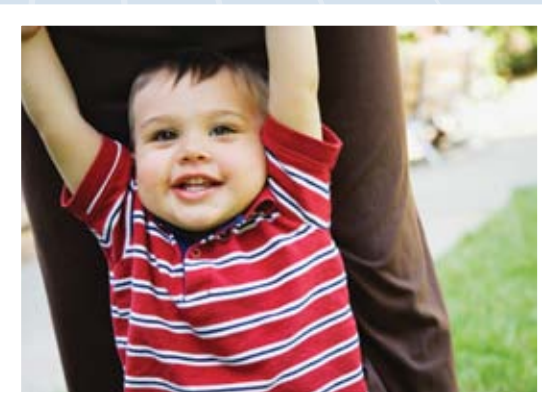






# Smart Beginnings Coalitions: Building A Smarter Virginia

Seeds of change that VECF planted in local communities grew strong and healthy in 2009-2010. Having developed both a blueprint for effective coalition building and a recommended list of “evidence based practices,” the VECF provided resources and technical assistance to local initiatives. Those initiatives continued building solid infrastructures and service collaborations that make good use of limited resources, while effectively increasing the school readiness of more young children in their regions. These local efforts are transforming children, their communities, and the commonwealth.



## PLANNING GRANTS: \$50,000

Using these initial funds over a 12-18 month period, partners implement systematic strategic planning activities to establish a Smart Beginnings coalition. During this period, Leadership Councils are engaged, staff is hired, community needs assessments are conducted, and collaborations are formed.

### 2009-10 PLANNING GRANT RECIPIENTS

#### Smart Beginnings Appalachian Region

Lee, Scott, Wise, City of Norton  
Molly Campbell  
276-386-6441  
mccampbell@appcaa.org

#### Smart Beginnings Danville/Pittsylvania

Pittsylvania, Danville  
Faith Stamps  
434-792-3700  
faith.stamps@unitedway.org

#### Smart Beginnings Fluvanna

Fluvanna  
Pat Groot  
434-591-1910  
pgroot@co.fluvanna.va.us

#### Smart Beginnings Franklin/Patrick

Franklin, Patrick  
Nancy Bell  
540-483-4949  
nbell@smartbeginningsfp.org

#### Smart Beginnings Heartland

Amelia, Buckingham, Charlotte, Cumberland Lunenburg, Nottoway, Prince Edward  
Will Rogers (Interim)  
434-392-9461  
wrogers@crossroadscsb.org

#### Smart Beginnings New River Valley

Floyd, Giles, Montgomery, Pulaski, Radford  
David Moore  
540-231-6775  
dmoore@vt.edu

#### Smart Beginnings Northumberland/Lancaster

Northumberland, Lancaster  
Cynthia Rioland  
919-616-1673  
crioland@rappahannock.edu

#### Smart Beginnings Shenandoah Valley

Shenandoah, Augusta, Staunton  
Stacie Jackson  
540-568-8968  
jacks2sc@jmu.edu

#### Smart Beginnings Smyth Tazewell

Smyth, Tazewell  
Emily Noonan  
276-988-5583 x236  
enoonan@clinchvalleycaa.org

#### Smart Beginnings Southwest

Dickenson, Buchanan  
Lori Pennington (interim)  
276-619-2256  
lpennington@peopleinc.net

## GETTING READY GRANTS: UP TO \$100,000

Upon the successful completion of their initial planning, these initiatives were awarded two years of support to implement specific strategies to advance school readiness, to further engage their communities and local leaders, and build lasting collaborative infrastructures and partnerships.

### 2009-10 GETTING READY GRANT RECIPIENTS

**Smart Beginnings  
Virginia Peninsula**  
*Hampton, Newport News*  
Belinda Willis  
757-870-6161  
bjhw3@cox.net

**Smart Beginnings  
Rappahannock Area**  
*Fredericksburg, Stafford,  
Spotsylvania, Caroline,  
King George*  
Angie Sullivan  
540-373-0041 x301  
asullivan@rappahannockunitedway.org

**Smart Beginnings  
Hopewell-Prince George**  
*Hopewell, Prince George,  
Ft. Lee*  
Cheryl Riggins  
804-541-6400  
criggins@hopewell.k12.va.us

**Smart Beginnings  
Alexandria/Arlington**  
*Alexandria, Arlington*  
September Jones  
703-224-2342  
smartbeginnings@campagnacenter.org

## PARTNERSHIP GRANTS: UP TO \$500,000

Awarded to Smart Beginning coalitions that have successfully built an infrastructure of comprehensive systems and are equipped to lead a region's early childhood development efforts.

### 2009-10 PARTNERSHIP GRANT RECIPIENTS

**Smart Beginnings  
Central Virginia**  
*Lynchburg, Bedford City, Amherst,  
Appomattox, Bedford, Campbell*  
Gayle Lucado  
434-455-6914  
Gayle.lucado@unitedwaycv.org

**Smart Beginnings  
Martinsville & Henry County**  
*Martinsville, Henry County*  
Sheryl Agee  
276-403-5963  
Sheryl@unitedwayofhcm.org

**Smart Beginnings  
Western Tidewater**  
*City of Franklin,  
Southampton, Isle of Wight*  
Ellen Couch  
757-562-8511  
ecouch@franklinva.com

## SUSTAINING PARTNERS

Having successfully completed all phases of the grant cycle last fiscal year, these coalitions are now leading partners of early childhood development within their respective communities. These veteran coalitions offer their expertise and guidance to newer initiatives, while still benefiting from the Foundation's valuable technical assistance resources.

**Smart Beginnings  
Historic Triangle**  
*James City County,  
Williamsburg, York County*  
Sheri Osborne  
757-566-2849  
sherio@cdr.org

**Fairfax County Office  
for Children**  
*Fairfax*  
Betsi Closter  
703-324-8053  
Betsi.closter@fairfaxcounty.gov

**Smart Beginnings  
South Hampton Roads**  
*Chesapeake, Norfolk,  
Portsmouth, Suffolk,  
Virginia Beach*  
Lisa Howard  
757-226-8826  
lhoward@smartbeginningsshr.org

## SUSTAINING GRANTS: UP TO \$100,000

After successfully achieving the goals of a partnership grant, these initiatives were provided two years of support to maintain their school readiness efforts while building local resources for long term sustainability.

### 2009-10 SUSTAINING GRANT RECIPIENTS

**Smart Beginnings  
Charlottesville/Albemarle**  
*Charlottesville, Albemarle*  
Miriam Rushfinn  
434-972-1702  
mrushfinn@unitedwaytja.org

**Smart Beginnings  
Greater Richmond**  
*Richmond, Chesterfield, Hanover,  
Henrico, Petersburg*  
Amanda Scudder  
804-775-6434  
scuddera@yourunitedway.org

## OTHER SMART BEGINNINGS COMMUNITIES

Operating independently from the VECF's funding last year, these initiatives meet the mission requirements of Smart Beginnings and are working to advance school readiness efforts in their regions while building stronger local collaborations.

**Smart Beginnings  
Shenandoah Valley**  
*Harrisonburg, Page, Rockingham*  
Pat Kennedy  
540-568-2557  
kennedpa@jmu.edu

**Smart Beginnings  
Greater Roanoke**  
*Roanoke City & County,  
Botetourt, Craig, Salem,  
Vinton*  
Kris Meyers  
540-777-4211  
kris@uwrwv.org



# Smart Beginnings: A Snapshot of 2009-2010 Accomplishments:



## SHORT TERM RESULTS FOR LONG TERM IMPACT

In 2009-2010 our Smart Beginnings partners created positive outcomes that are having rapid impact on our youngest children through proven practices. A glimpse into how our partners prepare young children for success in school and life:

**Early Intervention—Reaching a Larger Number of At-Risk Children Earlier:** Six Smart Beginnings coalitions serving 20 jurisdictions significantly enhanced their developmental screening to reach over 1200 additional children, resulting in increased referrals to early intervention programs.

**Increasing Literacy—A True Measurement of School Readiness:** With an increased community-wide focus on early childhood development, PALS scores have improved in Central Virginia by 20% since 2006 – resulting in greater kindergarten readiness and reduced need for remediation.

**Professional Development—Working for the Early Childhood Workforce:** Smart Beginnings Alexandria Arlington partnered with Hopkins House and Virginia Women's Foundation in leveraging over \$60,000 of additional funds to provide 22 early care and education professionals with an opportunity to attend credit coursework through Northern Virginia Community College.

**Community Collaborations—Joining Together to Maximize Resources:** Smart Beginnings Central Virginia and Smart Beginnings Martinsville Henry County successfully partnered to strengthen family supports by training practitioners in Triple P – Positive Parenting Program.

**Leadership Development—Enhancing Skills to Achieve Results:** In Western Tidewater, 39 local leaders completed a year long results-based accountability training and developed an outcomes based plan for their Smart Beginnings coalition. Participants report an overwhelming 80% increase in leadership skills, significantly enhanced collaboration, and great success in engaging the community to leverage a 200% match for VECF funds.

**Mobilizing Communities—Working Together for Prosperity:** Smart Beginnings Greater Richmond successfully mobilized the community in support of its school readiness plan, resulting in increased promotion of school registration and 1,114 families engaged in 103 parenting classes to aid parents as their children's first teacher.



**Spreading the Word—Reaching Out with Faith:** Smart Beginnings South Hampton Roads created the Faithful Beginnings Interfaith Alliance, which partners with nearly 70 faith-based congregations and pre-schools to increase awareness, empower parents and advocate for greater public investments in children birth to five

**Targeted Outreach—Giving Those in Greatest Need a Springboard to Readiness:** Staff from Charlottesville's largest public housing neighborhood collaborated with area preschools to increase the neighborhood's 4-year old public pre-K enrollment from 50% to nearly 100% in just a year's time, effectively increasing school readiness for these vulnerable children.

**Identifying Needs—Increasing the Opportunities for Child Screening:** Over the last 2 years, Central Virginia's developmental screenings by child care providers have skyrocketed from 0 to 835 children receiving screenings. Western Tidewater saw a 21% increase in those children identified and served in Part C for early intervention services.

**Sharing Expertise—Providing Technical Assistance:** VECF published its first Evidence Based Directory this year – an invaluable resource for our regional Smart Beginnings partners that provides concrete solutions to guide them in their efforts to increase school readiness.

**Expanding Our Footprint—Impacting More Young Virginians:** With 12 new communities added in the last year, Smart Beginnings covers 89 of Virginia's 134 communities.



IN JUST A FEW SHORT YEARS, CHINA – NOT AMERICA – WILL HAVE THE MOST PEOPLE WHO ARE FLUENT IN THE ENGLISH LANGUAGE



# Virginia's Star Quality Initiative: Increasing Quality & Confidence



Knowledge is power; the old adage is never truer than when it comes time for families to choose the best early care provider for their children. Unfortunately, in many regions of Virginia, it is easier to determine the quality of a restaurant than it is to determine the quality of a childcare provider. The Virginia Star Quality Initiative (VSQI) is changing that.

The VSQI began as a pilot in 2008, but in 2009-2010 it became a key component of Virginia's efforts to increase access to quality early learning experiences for young children from families across the Commonwealth. The VSQI is being built as a partnership between the VECF and the Virginia Office of Early Childhood Development (OECD). Together, we have expanded and built a stronger infrastructure to maintain the VSQI, once adequate funding is available to bring it to scale.

We simply cannot afford to leave the promise of the next generation to chance. Bringing objectivity and consistency to the ratings process, VSQI is taking the guesswork out of childcare choices while empowering providers to achieve positive outcomes for children and a better quality of life for communities. As of the time of this printing, the VSQI has rated 189 early childhood classrooms, trained 67 raters on the instruments used to measure quality, and provided professional development opportunities to scores of providers across the Commonwealth.

## Achieving Results Around the State:

- 55 more child care centers were rated during 2009-2010 bringing the statewide total to 189
- Quality improvement efforts in South Hampton Roads have enhanced early care experiences for over 8,000 children in 78 centers
- There has been a 160% increase in Charlottesville early care centers participating in VSQI since Smart Beginnings began in 2007
- During 2009-2010, Smart Beginnings Central Virginia piloted VSQI in 15 centers, ultimately impacting the care of almost 1600 children
- Smart Beginnings Alexandria/Arlington formed an effective partnership to increase quality care —promoting VSQI while the school districts coordinate the ratings process

## HOW A STAR IS BORN

VSQI takes the burden of analysis off of families by creating an easily understood, user-friendly rating tool that assesses early care in the following standard areas:

**Education, qualifications, and training of staff:** Effective early childhood professionals have a strong background in education and child development, building specialized early childhood competencies.

**Interactions:** Effective teachers have warmth and sensitivity. They engage children and foster self-confidence and positive interactions.

**Structure:** Small class sizes and low child to teacher ratios allow for individual student attention

**Environment and Instruction:** Learning environments should stimulate children's cognitive development, with classrooms divided into small, activity-based centers.

Once rated, providers work with a Star Quality mentor to follow a systemic quality improvement plan designed on best practices and evidence-based programs.

VSQI is now working in 50 Virginia communities. To find a rated center, go to [www.smartbeginnings.org](http://www.smartbeginnings.org)



IN 2006, FOURTH-GRADERS IN RUSSIA AND HONG KONG SCORED CONSIDERABLY HIGHER IN READING LITERACY THAN THOSE IN THE U.S.



**IN THE UNITED STATES, WE LOSE UP TO 30% OF OUR POTENTIAL WORKERS BECAUSE THEY DON'T GRADUATE FROM HIGH SCHOOL**



# Virginia's Approach to Prosperity:

We cannot deny the fundamental connection between early childhood development and greater economic opportunity. It is a powerful message – and spreading it is crucial. We are engaging Virginians to do just that.

2009-2010 saw the birth of multiple new VECF-led initiatives, such as **Virginia KidsNow!** and **VAJobOne**, to further engage cross-sector support and advocacy for our youngest citizens. The VECF also made great progress in creating a leadership development training module for its local Smart Beginnings partners to maximize the involvement of regional leaders in advancing local school readiness efforts.



*The Honorable Gerard Robinson, Secretary of Education  
Chair of Virginia's Early Childhood Advisory Council  
and VECF President Scott Hippert Co-Chair of Virginia's  
Early Childhood Advisory Council.*

Other like-minded, nationally regarded, organizations continue to recognize VECF's innovative work. The PEW Center for the States invited us to speak at national gatherings this year in an effort to share our highly effective models and practices, such as establishing successful business engagement initiatives.

The Foundation's leadership role was further defined during 2009-2010 with VECF co-leadership of Virginia's Early Childhood Advisory Council, bringing vision, efficiency and coordination to Virginia's workforce development efforts.

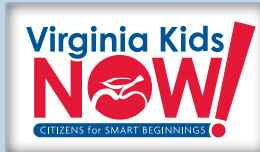
**68% OF 4TH GRADERS FROM LOW-INCOME FAMILIES IN INNER CITIES OR POOR RURAL AREAS DO NOT READ AT A BASIC LITERACY LEVEL**





## VIRGINIA KidsNOW!

This new, 2010 initiative involves parents of young children and other young professionals as advocates who clearly recognize and value investments in the critically formative years of birth to five.



**Mission:** Virginia KidsNow! (VKN) is dedicated to informing communities about the social and economic importance of school readiness for every child. VKN provides its members with education and networking opportunities to encourage citizen engagement and a stronger commitment to early childhood development in Virginia.

## VAJOBONE: BUSINESS LEADERS FOR SMART BEGINNINGS SUPPORT TODAY’S WORKFORCE/INVEST IN TOMORROW’S

Shouldn’t Virginia businesses have a stake in shaping the caliber of their future workers? We think so, which is why the VECF, with support from the PEW Center for the States, provides leadership to VaJobOne – an initiative implemented in 2009-2010 to encourage the corporate community to embrace school readiness as the most innovative, yet practical, tool for workforce development.



Business leaders understand that a strong workforce is comprised of many components. The availability of reliable quality care not only shapes the caliber and competency of tomorrow’s workforce, but also increases the productivity of today’s working parents.

Educating, training and graduating every child in Virginia is the most cost effective means of building a workforce capable of attracting businesses and transforming our economy. This simple, common-sense message is obviously

resonating – in 2009-2010, VaJobOne enlisted over 200 business leaders across the Commonwealth to advance Virginia’s school readiness efforts.

To continue to build upon VaJob One’s momentum, the Foundation is keeping the pipeline full by creating partnerships and engagement opportunities that expand and enhance these efforts.

**“Partnering with the VECF to host a Leadership Luncheon proved to be an excellent opportunity to engage the Northern Virginia business community and enlist their support of school readiness as a way to improve our future workforce.**

— Michael N. Harreld  
*Regional President, PNC Bank*

**“VaJobOne’s strong capacity to mobilize the corporate community and build a network of business leaders who understand the dire need to cultivate a future ready workforce were key components to securing a highly competitive grant opportunity from the Pew Center on the States .”**

— Rob Dugger, Chairman  
*Partnership for America’s Economic Success*



**IF U.S. STUDENTS HAD EXPERIENCED THE SAME EDUCATIONAL SUCCESS OF HIGHER-PERFORMING NATIONS**

## SCHOOL READINESS SUMMITS

Over the course of 2009-2010, VECF took the message of Smart Beginnings into communities by hosting 3 regional summits to increase community awareness and give hundreds of early childhood, education, and business leaders an opportunity to collaborate by targeting issues in the region and sharing creative solutions to school readiness and workforce development.



**“On many issues, economic research is not decisive. On some issues though, economic research sends a very clear message. Research shows us that early childhood development sends a return to the individual and to society. We see it as an economic growth strategy”**

— Sally Green

*Federal Reserve Bank, Keynote speaker at the Danville summit*



## INFLUENCING COLLABORATIONS

*“Working with our local Smart Beginnings coalition, we bring area leaders together to gain a regional perspective on early childhood development issues. Last fall, when the region was faced with the closing of the local International Paper mill – one of the area’s largest corporations that employed over 1,000 members of our community – we leveraged these collaborations to work together on a broader level to develop practical solutions to the many economic challenges posed by IP’s departure.”*

— Jim Council,

*Mayor of Franklin*

*Western Tidewater Smart Beginnings*

## A MATTER OF NATIONAL SECURITY

Shockingly, 75% of young Americans are ineligible to serve in the U.S. military for a variety of reasons, such as: their failure to graduate high school; engaging in criminal activity; or they are simply physically or mentally unfit. We must be mindful that these are the very same people we will be forced to rely on to increase workforce productivity and defend our nation.

VECF featured speakers from Mission Readiness during several 2009-2010 events to advance our common goal of increasing school readiness as the most effective means of fundamentally transforming both our military preparedness and economy. It’s the ultimate win-win situation – a secure AND prosperous nation.

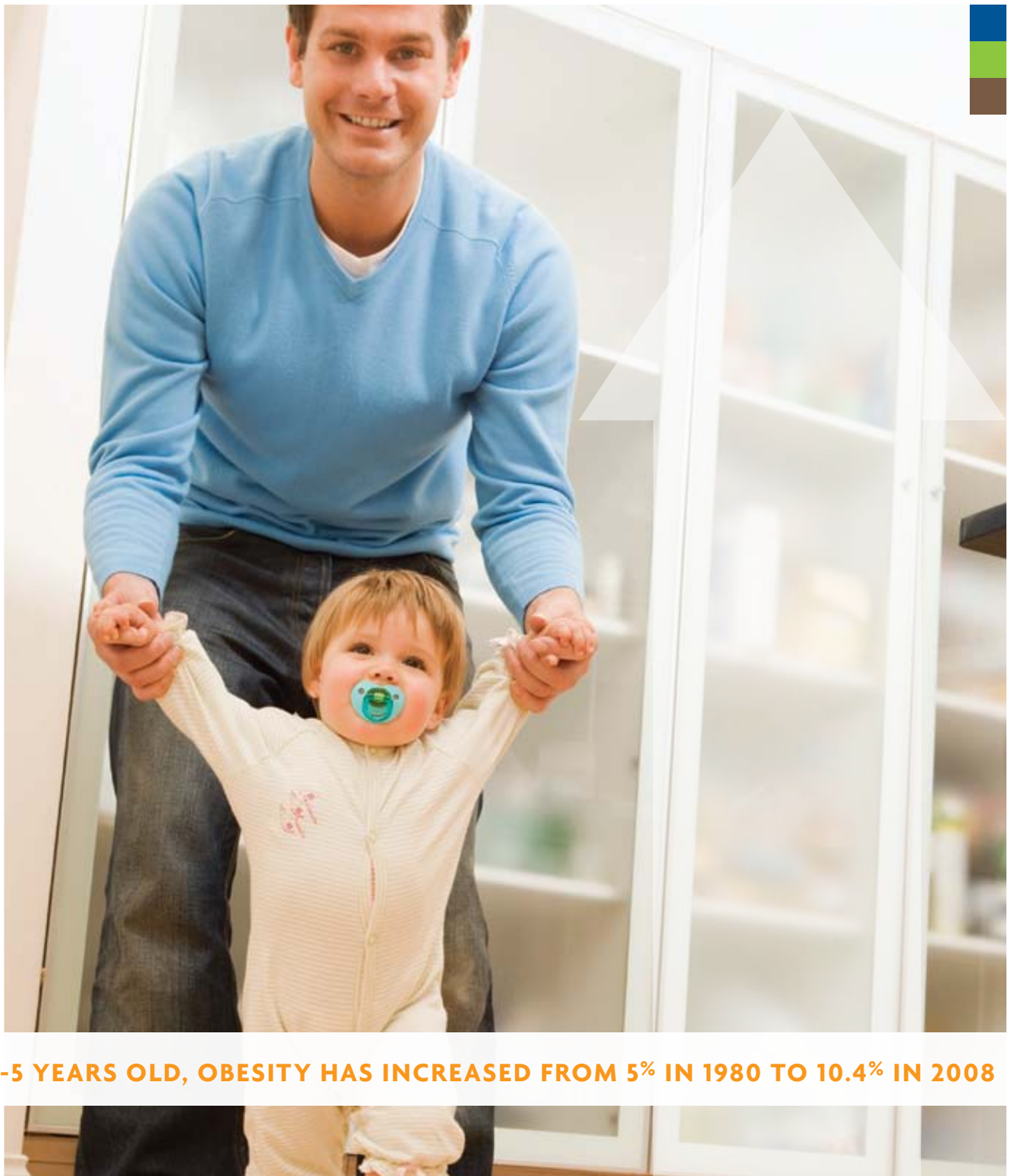
Great strides were made by VECF this year to foster relationships that will support the youngest members of Virginia’s military families. As a culmination of these efforts - we will be announcing an exciting partnership with the military that focuses on enhancing early learning environments specifically for the children of our men and women that serve our nation.

**“The young men and women who serve in our military forces are our strongest asset in protecting the American people. The steep decline in the numbers who are fit to serve has made early childhood education an urgent National Security issue.”**

- Brigadier General John W. Douglass

*United States Air Force, (ret) & VECF Board Member*

**DURING THE 1980’S AND 1990’S, THE COUNTRY’S GDP IN 2008 COULD HAVE BEEN \$1.3-2.3 TRILLION HIGHER**



**AMONG PRESCHOOL CHILDREN 2-5 YEARS OLD, OBESITY HAS INCREASED FROM 5% IN 1980 TO 10.4% IN 2008**



# Partnerships that Leverage

As a public-private partnership, the Virginia Early Childhood Foundation is fortunate to leverage the generous support from the Commonwealth to secure meaningful private sector investments. The Foundation remains grateful to the Governor, General Assembly, The Virginia Tobacco Indemnification and Community Revitalization Commission, other government agencies and its many private supporters for believing in the power of today's youngest children to transform Virginia's economy and overall quality of life.

VECF extends its sincere gratitude to the following supporters for their 2009-2010 contributions:

## GOVERNMENT SUPPORT

Virginia General Assembly  
Virginia Tobacco Indemnification and  
Community Revitalization Commission  
Appalachian Regional Commission

## CORPORATIONS AND FOUNDATIONS

AGL Resources/Virginia Natural Gas  
Crutchfield Corporation  
Danville Regional Foundation  
Dominion Foundation  
K-VA-T Foods/Food City  
Pew Charitable Trust/Partnership for  
America's Economic Success  
PNC Foundation  
Robins Foundation  
SunTrust Mid-Atlantic Foundation  
Verizon Foundation  
Wachovia/Wells Fargo Foundation  
Walsh, Colucci, Lubeley,  
Emrich & Walsh PC

## BOARD AND INDIVIDUAL SUPPORT

Ken Ampy  
Rear Admiral James A. Barnett, Jr.  
(USN Retired)  
Peter A. Blake & Mary Blanchard  
Maria Brown  
Katherine E. Busser  
Sarah King & Lyles Carr Charitable Fund  
Tom & Nancy Chewning  
Mr. & Mrs. Ben J. Davenport  
Allison Cryor DiNardo  
Robert H. Dugger, Ph.D.  
Mr. & Mrs. James W. Dunn  
Mark & Robbie Emblidge  
Rutherford & Katherine Ferguson  
Kristina Friar  
Jodie & Jeffery Gidley  
Kathy Glazer  
Scott L. Hippert  
Paul & Susan Hirschbiel  
The Honorable R. Edward Houck  
Maurice Jones, Lisa Smith & Michela Jones  
Mr. & Mrs. Reginald N. Jones  
Mr. & Mrs. Glenn E. Kinard

Colleen A. Kraft, M.D.  
Anglica D. Light  
Dr. Virginia L. McLaughlin  
Lori M. Morris/Bruhn-Morris  
Family Foundation  
Dr. Thomas R. Morris  
Mr. & Mrs. George G. Phillips III  
Dr. Novella J. Ruffin

## IN-KIND

Capital One  
Evolve Architecture  
George Mason University  
SmartProjectz, LLC  
SunTrust Bank  
United Way of  
Greater Richmond & Petersburg



## EARLY CHILDHOOD EDUCATION: A PRUDENT SOCIAL AND ECONOMIC INVESTMENT

- Studies confirm that every \$1 invested in early childhood education can yield returns as high as \$17.
- For every \$1 spent on quality childcare, almost \$2 dollars are generated in sales for the overall economy.
- Communities with effective early childhood infrastructures in place — such as Smart Beginnings — can expect an increase in the quality of life and a decrease in costs associated with social services, remedial education, unemployment and criminal justice.
- Children who benefit from high quality early experiences are likely to earn more money, pay more federal and state taxes and need less help from income assistance programs.

To join this distinguished list of donors by investing in the future of Virginia, please visit [www.vecf.org](http://www.vecf.org) or call 804-358-8323. If any names were inadvertently omitted or listed incorrectly, please accept our apologies and let us hear from you.

**DROPOUTS ARE MORE THAN EIGHT TIMES AS LIKELY TO BE INCARCERATED THAN HIGH SCHOOL GRADUATES**



# 2009-2010 Community Investments

Local communities throughout the Commonwealth are demonstrating their commitment to furthering Virginia's economic future. These matching gifts leverage VECF investments to advance early childhood development and future-ready workforce development efforts across the state. We extend our utmost appreciation to the following supporters of local Smart Beginnings coalitions:

A Better World Foundation Challenge Grant	Campbell County
Albemarle Schools	Capital One
Alexandria Department of Human Services	Carilion
Allison J. and Ella W. Parsons Fund of HRCF	CCQI (to CYFS)
Amelia County Department of Social Services	CDBG (to CYFS)
Amherst Department of Social Services	Center for Alexandria's Children
Appalachian College of Pharmacy	Charity League of Martinsville & Henry County
Appalachian Community Action and Development Agency	Charlotte County Department of Social Services
Appomattox County Schools	Charlottesville Chamber of Commerce
Appomattox Ruritan Club	Child Care Connect R+R
Arc of the Piedmont	Child Development Resources (Infant and Toddler Network)
Arlington Department of Human Services	Children's Center
Arlington Public Schools	City of Charlottesville
Augusta Health Center	City of Danville – Parks and Recreation
Bank of America	City of Franklin
Barnes Technologies	City of Lynchburg
Batten Educational Achievement Fund of HRCF	City of Richmond
Bayshore Enterprises	Clinch Valley Community Action
Bedford County Schools	Communication Consortium Media Center
Bernadine Franciscan Sisters Foundation	Community Fund for Educational Achievement of HRCF
Birdsong Peanut Co.	Cox Communications
Blackwater Library	Crossroads Community Services Board
Buckingham County Department of Social Services	Cumberland County Department of Social Services
Burtner and Associates	Children, Youth and Family Services
Cameron Foundation	



**1 IN 5 VIRGINIA CHILDREN ENTERS KINDERGARTEN WITHOUT THE BASIC SKILLS NEEDED TO SUCCEED IN SCHOOL**

Danville Regional Foundation  
 Department of Housing and Economic Development  
 Department of Social Services (QRIS)  
 Dickenson Center for Edu./Research Dominion  
 DuPont Community Credit Union  
 Early Childhood Summit Team  
 Fairfax County  
 Family Alliance  
 Federation of Appalachian Housing Enterprises  
 Ferrum College  
 Fluvanna County  
 Forest Hills Presbyterian Church  
 Franklin County Department of Social Services  
 Franklin County Public Schools  
 Franklin IT Services  
 Franklin Office Furniture  
 Franklin Southampton Charities  
 Franklin/FRHA  
 Fredericksburg Parent and Family Magazine  
 Greater Augusta Child Care Providers  
 Hampton Roads Community Foundation  
 Harvest Foundation  
 Henry County Schools  
 Hopewell Schools  
 International Paper  
 Isle of Wight Legislative Affairs Director  
 Isle of Wight Department of Social Services  
 James Madison University  
 John Randolph Foundation  
 Kindergarten Readiness Team  
 King George County Department of Social Services (QI Funds)  
 Kiwanis  
 Lacy Foundation  
 Laurel Park Booster  
 LexisNexis  
 Liberty Fair Mall

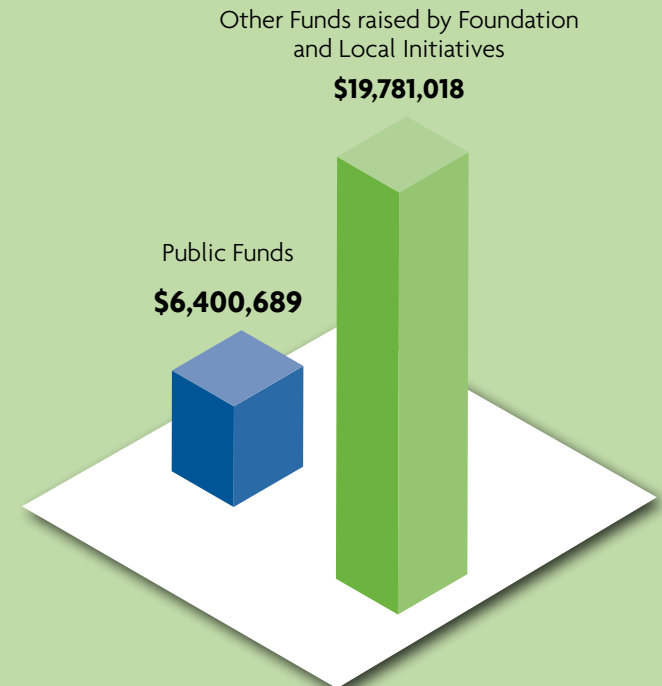
Longwood University  
 Lunenburg County Department of Social Services  
 Lynchburg Department of Social Services  
 Martinsville City Schools  
 Martinsville Kiwanis  
 McQ Inc.  
 Mill Building Office Complex  
 Millennium Engineering and Integration Company  
 Mountain Kids  
 National Healthy Mothers, Healthy Babies Coalition  
 Nationwide Insurance  
 Norfolk Planning Council  
 Norfolk, WHRO  
 Nottoway Department of Social Services  
 NRAO  
 Obici Healthcare Foundation  
 Page County Family Fair  
 Page County Public Schools  
 Patrick County Public Schools  
 People Inc.  
 Piedmont Community Services  
 Preschool Partners  
 Primer Media Franklin PEG Channel  
 Prince Edward Department of Social Services  
 Quality Carpet & Rug Care  
 Rappahannock United Way  
 Ridgeway Methodist  
 RMH Child Care Connection  
 Robins Foundation  
 Rockingham County Public Schools  
 Rural Areas Development Agency  
 Shenandoah Pre-Kindergarten Event  
 Shenandoah Valley Head Start  
 SimVentions, Inc.  
 Skyline Community Action Program  
 Smyth County School Board  
 South Hampton Roads  
 Smart Beginnings Board

Southampton Department of Social Services  
 Spotsylvania County Department of Social Services (QI Funds)  
 Stafford County Department of Social Services (QI Funds)  
 State Farm  
 STEP, Inc.  
 SunTrust Bank  
 The Campagna Center  
 The Community Foundation serving Richmond & Central Virginia  
 The Daily Progress  
 The Enterprise  
 The Franklin News Post  
 The Smith Mountain Lake Eagle  
 Towne Bank  
 United Way of Central VA  
 United Way of Franklin County  
 United Way of Greater Augusta  
 United Way of Greater Richmond & Petersburg  
 United Way of Greater Williamsburg  
 United Way of Harrisonburg and Rockingham County  
 United Way of Martinsville and Henry County  
 United Way of Southwest Virginia  
 University of Virginia CASTL  
 VA Department of Social Services- OECD  
 Valley Association for the Education of Young Children  
 Virginia Department of Social Services  
 Virginia Foundation for Healthy Youth  
 Virginia National Bank  
 Virginia Tech  
 Virginia Tobacco Settlement Foundation  
 WHSV-TV3  
 Wiley Foundation  
 Williams Mullen  
 Williamsburg Community Health Foundation  
 Williamsburg Regional Library  
 Women United in Philanthropy  
 WVIR NBC-29

## SMART INVESTMENTS FOR SMART BEGINNINGS

VECF leverages public funds provided by the General Assembly to engage private funding sources to maximize investments in Smart Beginnings. Together, this public-private partnership is increasing school readiness, improving families, building stronger communities, and ensuring a brighter future for all Virginians.

## CUMULATIVE INVESTMENTS SINCE 2006



**APPROXIMATELY 10,000 OF K-3 STUDENTS IN VIRGINIA REPEAT A GRADE EACH YEAR, AT A COST OF 80 MILLION DOLLARS**



# Financial Report

## STATEMENT OF FINANCIAL POSITION JUNE 30, 2010

### ASSETS

Current Assets	
Cash and Cash equivalents	\$978,843
Accounts Receivable	
Pledges Receivable	500
Grants Receivable	275,815
Prepaid Expenses	5,628
Grantee Advances	7,584
Other Assets	3,834
	<u>                    </u>
Total current assets	1,272,204
Equipment, Furniture, and Fixtures	14,815
Accumulated depreciation	(7,656)
	<u>                    </u>
Total assets	<u>\$1,279,363</u>

### LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$46,768
Grants Payable	456,234
Accrued Expenses	27,827
	<u>                    </u>
Total current liabilities	530,828

### NET ASSETS

Unrestricted	-
Temporarily restricted	748,535
	<u>                    </u>
Total net assets	748,535
	<u>                    </u>
Total liabilities and Net Assets	<u>\$1,279,363</u>

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL (MEMO ONLY)
Public Support and Revenue			
Public Support			
Individual and Board Contributions	\$ 106,775	-	\$106,775
Corporations	26,886	61,430	88,316
Foundations	30,930	150,000	180,930
Total Public Support	<u>164,591</u>	<u>211,430</u>	<u>376,021</u>
Revenue			
Government Grants	405,381	1,573,766	1,979,147
Interest Revenue	13,070	-	13,070
Total Revenue	<u>583,042</u>	<u>1,785,196</u>	<u>2,368,238</u>
Net Assets Released from Restrictions	2,250,320	(2,250,320)	-
Total Support and Revenue	<u>2,833,362</u>	<u>(465,124)</u>	<u>2,368,238</u>
Expenses			
Program Services	2,619,629	-	2,619,629
Total Program Services	<u>2,619,629</u>	<u>-</u>	<u>2,619,629</u>
Supporting Services			
Public Education	18,146		
Fund Raising	105,325	-	105,325
Lobbying	6,913	-	6,913
Management and General	83,349	-	83,349
Total Expenses	<u>2,833,362</u>	<u>-</u>	<u>2,833,362</u>
Change in Net Assets		(465,124)	(465,124)
Net Assets, Beginning	-	1,213,659	1,213,659
Net Assets, Ending	<u>\$ -</u>	<u>748,535</u>	<u>748,535</u>





## 2009-2010 BOARD OF DIRECTORS

### **Thomas N. Chewing<sup>1</sup>**

Executive Vice President & CFO, Dominion Resources, Inc (ret).  
Richmond, Virginia

### **Paul O. Hirschbiel, Jr.<sup>††</sup>**

President, Eden Capital  
Virginia Beach, Virginia

### **Kenneth E. Ampy\***

CEO, Astyra Corporation  
Richmond, Virginia

### **The Honorable Mamyé E. BaCote**

Virginia House of Delegates  
Newport News, Virginia

### **Peter A. Blake,**

Vice Chancellor, Virginia Community College System  
Richmond, Virginia

### **Zelda Boyd**

Director, Office of Early Childhood Development  
Richmond, Virginia

### **Katherine E. Busser**

Executive Vice President, Capital One  
Richmond, Virginia

### **Tim Butturini**

Executive VP & Regional President, Greater VA  
Wachovia, a Wells Fargo Company  
Richmond, Virginia

### **W. Lyles Carr III\***

Senior Vice President  
The McCormick Group  
Arlington, Virginia

### **The Honorable James S. Cheng**

Secretary of Commerce and Trade  
Richmond, Virginia

### **Ben J. Davenport, Jr.**

Chairman, First Piedmont Corporation  
Chatham, Virginia

### **Brigadier General John W. Douglass**

US Air Force, Former Secretary of the Navy (Retired)  
President & CEO, Douglass Aerospace Group  
Alexandria, Virginia

### **Robert H. Dugger, Ph.D.**

Chairman, Partnership for America's Economic Success  
Alexandria, Virginia

### **James W. Dunn\***

Vice President, Bon Secours Richmond Foundation  
Richmond, Virginia

### **Dr. Mark E. Emlidge**

Director, The Literacy Institute, VCU  
Richmond, Virginia

### **T. Rutherford Ferguson**

Internal Wholesaler  
RiverFront Investment Group  
Richmond, Virginia

### **Jodi S. Gidley\***

President, Virginia Natural Gas  
Norfolk, Virginia

### **Mark R. Ginsberg, Ph. D.**

Dean, College of Education & Human Development  
George Mason University  
Fairfax, Virginia

### **Kathy Glazer**

Director of State Service, Build Initiative  
Richmond, Virginia

### **Sarah G. Green**

Chief Operating Officer  
Federal Reserve Bank of Richmond  
Richmond, Virginia

### **The Honorable William A. Hazel, Jr., M.D.**

Secretary of Health and Human Resources  
Richmond, Virginia

### **James A. Hixon**

Executive Vice President  
Norfolk Southern Corporation  
Norfolk, Virginia

### **The Honorable R. Edward Houck**

Senate of Virginia  
Spotsylvania, Virginia

### **Maurice A. Jones**

Publisher, The Virginian-Pilot  
Norfolk, Virginia

### **Reginald N. Jones, Esq.**

Attorney, Williams Mullen Clark & Dobbins  
Richmond, Virginia

### **Glenn E. Kinard**

President, PNC Bank-Fredericksburg  
Fredericksburg, Virginia

### **Colleen A. Kraft, M.D., FAAP**

Associate Professor of Pediatrics, VA Tech Carilion  
School of Medicine & Research Institute  
Program Director, Carilion Clinic  
Roanoke, Virginia

### **Angelica D. Light**

President & CEO, The Norfolk Foundation  
Norfolk, Virginia

### **The Honorable L. Scott Lingamfelter**

Virginia House of Delegates  
Arlington, Virginia

### **Dr. Virginia L. McLaughlin**

Dean, School of Education, College of William and Mary  
Williamsburg, Virginia

### **Lori M. Morris**

President, Bruhn-Morris Family Foundation  
Alexandria, Virginia

### **Dr. Thomas R. Morris**

President  
Virginia Foundation for Independent Colleges  
Richmond, Virginia

### **The Honorable Charles D. Poindexter**

Virginia House of Delegates  
Glade Hill, Virginia

### **The Honorable Frederick M. Quayle**

Senate of Virginia  
Suffolk, Virginia

### **The Honorable Gerard Robinson**

Secretary of Education  
Richmond, Virginia

### **Pamela J. Royal, M.D.**

President  
Royal Dermatology & Aesthetic Skin Care, Inc.  
Richmond, Virginia

### **Dr. Novella J. Ruffin**

Asst. Professor & Child Development Specialist  
Virginia Cooperative Extension, Virginia State University  
Petersburg, Virginia

### **J. Scott Wilfong\***

Chairman, President, & CEO SunTrust Bank – Greater Washington  
Washington, D.C.

<sup>†</sup> Chair

<sup>††</sup> Immediate Past Chair

\*Retired on June 30, 2010



## STAFF LIST (as of September 15, 2010)

### **Scott L. Hippert**

President

### **Sean Adams**

Operations Assistant

### **Phylis Benner**

VSQI Coordinator

### **Maria R. Brown**

Vice President of Programs

### **Dora Butler**

Program Officer

### **Stacey Collier**

Finance Manager

### **Heather Farber**

Administrative Support Coordinator

### **Morgan Green**

VSQI Director

### **Dawn Greggs**

Development Associate

### **Cathryn Lowe**

Vice President of Resource Development

### **Mylinda Moore**

Senior Program Officer

### **Stephanie O'Neill**

Executive Administrator

### **Amy Nisenson**

ValJob One Coordinator

### **Janora Parker**

VSQI Administrative Assistant

### **Ann Stratton**

Program Officer

### **Eddie Williams**

Director of Operations and  
Communications



**VIRGINIA EARLY CHILDHOOD FOUNDATION**

**Financial Statements**

**June 30, 2010**

**(WITH INDEPENDENT AUDITORS' REPORT THEREON)**



VIRGINIA EARLY CHILDHOOD FOUNDATION

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS	6





## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Virginia Early Childhood Foundation  
Richmond, Virginia

We have audited the accompanying statement of financial position, of Virginia Early Childhood Foundation, (VECF) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of VECF's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VECF as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



September 15, 2010

VIRGINIA EARLY CHILDHOOD FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2010

**ASSETS**

<b>Current Assets</b>		
Cash and Cash equivalents (note 1.e and 11)	\$	978,843
Accounts Receivable		
Pledges Receivable	\$	500
Grants Receivable	275,815	
Total Accounts Receivable		276,315
Prepaid Expenses		5,628
Grantee Advances		7,584
Other Assets		3,834
<b>Total current assets</b>		<b>1,272,204</b>
Equipment, Furniture, and Fixtures	14,815	
Accumulated depreciation	(7,656)	
Net Equipment, Furniture, and Fixtures		7,159
<b>Total assets</b>	<b>\$</b>	<b>1,279,363</b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts Payable	\$	46,768
Grants Payable		456,234
Accrued Expenses		27,826
<b>Total current liabilities</b>		<b>530,828</b>

**NET ASSETS**

Unrestricted		-
Temporarily restricted (Note 12)		748,535
<b>Total net assets</b>		<b>748,535</b>
<b>Total liabilities and Net Assets</b>	<b>\$</b>	<b>1,279,363</b>

See accompanying notes to financial statements



**VIRGINIA EARLY CHILDHOOD FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL (MEMO ONLY)</u>
<b>Public Support and Revenue</b>			
<b>Public Support</b>			
Contributions (note 6 & 11)			
Individual and Board Contributions	\$ 106,775	\$ -	\$ 106,775
Corporations	26,886	61,430	88,316
Foundations	30,930	150,000	180,930
<b>Total Public Support</b>	<u>164,591</u>	<u>211,430</u>	<u>376,021</u>
<b>Revenue</b>			
Government Grants	405,381	1,573,766	1,979,147
Interest Revenue	13,070	-	13,070
<b>Total Revenue</b>	<u>583,042</u>	<u>1,785,196</u>	<u>2,368,238</u>
<b>Net Assets Released from Restrictions (note 13)</b>	<u>2,250,320</u>	<u>(2,250,320)</u>	<u>-</u>
<b>Total Support and Revenue</b>	<u>2,833,362</u>	<u>(465,124)</u>	<u>2,368,238</u>
<b>Expenses</b>			
Program Services	2,619,629	-	2,619,629
<b>Total Program Services</b>	<u>2,619,629</u>	<u>-</u>	<u>2,619,629</u>
<b>Supporting Services</b>			
Fund Raising	105,325	-	105,325
Public Education	18,146	-	18,146
Lobbying	6,913	-	6,913
Management and General	83,349	-	83,349
<b>Total Expenses</b>	<u>2,833,362</u>	<u>-</u>	<u>2,833,362</u>
<b>Change in Net Assets</b>	-	(465,124)	(465,124)
<b>Net Assets, Beginning</b>	<u>-</u>	<u>1,213,659</u>	<u>1,213,659</u>
<b>Net Assets, Ending (note 12)</b>	<u>\$ -</u>	<u>\$ 748,535</u>	<u>\$ 748,535</u>

See accompanying notes to financial statements

**VIRGINIA EARLY CHILDHOOD FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010**

	Programs	Lobbying	Public Education	Fund Raising	Management and General	Total
Salaries (note 4)	\$ 509,048	\$ -	\$ -	\$ 57,270	\$ 54,633	\$ 620,951
Fringe Benefits	129,265	-	-	17,049	13,544	159,858
<b>Total staff compensation</b>	<b>638,313</b>	<b>-</b>	<b>-</b>	<b>74,319</b>	<b>68,177</b>	<b>780,809</b>
Professional Services	295,305	6,913	18,146	18,492	7,467	346,323
Supplies	14,337	-	-	1,324	861	16,522
Telecommunications	10,636	-	-	703	625	11,964
Postage	3,689	-	-	478	49	4,216
Leases (notes 3)	20,661	-	-	2,240	1,991	24,892
Equipment Repair and Maintenance	9,083	-	-	985	875	10,943
Printing and publications	3,107	-	-	933	904	4,944
Travel	32,748	-	-	1,025	573	34,346
Meetings and Events	37,977	-	-	2,107	315	40,399
Information/Membership	11,245	-	-	1,518	553	13,316
Professional Development	4,176	-	-	92	9	4,277
Furniture and Equipment	2,479	-	-	269	239	2,987
Computer Equipment	978	-	-	84	74	1,136
Insurance	3,237	-	-	351	312	3,900
Grants to Others	1,527,924	-	-	-	-	1,527,924
Other Expenses	1,275	-	-	138	88	1,501
Inkind Expense	-	-	-	-	-	-
<b>Total expenses before depreciation</b>	<b>2,617,170</b>	<b>6,913</b>	<b>18,146</b>	<b>105,058</b>	<b>83,112</b>	<b>2,830,399</b>
Depreciation	2,459	-	-	267	237	2,963
<b>Total expenses</b>	<b>\$ 2,619,629</b>	<b>\$ 6,913</b>	<b>\$ 18,146</b>	<b>\$ 105,325</b>	<b>\$ 83,349</b>	<b>\$ 2,833,362</b>

See accompanying notes to financial statements

**VIRGINIA EARLY CHILDHOOD FOUNDATION  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2010**

**Cash Flows From Operating Activities**

Change in net assets	\$	<u>(465,124)</u>
<b>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities</b>		
Depreciation		2,963
(Increase) decrease in pledges receivable		102,250
(Increase) decrease in grants receivable		(152,692)
(Increase) decrease in other assets		(1,944)
(Increase) decrease in grantee advances		110,158
(Increase) decrease in prepaid expenses		3,716
Increase (decrease) in accounts payable		39,061
Increase (decrease) in grants payable		137,270
Increase (decrease) in accrued expenses		<u>(955)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		<u><u>(225,297)</u></u>
<b>Cash Flows From Investing Activities</b>		
Furniture and Equipment purchases		<u>(1,195)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>		<u><u>(1,195)</u></u>
<b>Cash Flows From Financing Activities</b>		
		-
Net increase (decrease) in cash and cash equivalents		(226,492)
Cash and cash equivalents, beginning		<u>1,205,335</u>
Cash and cash equivalents, ending (note 1e)	\$	<u><u>978,843</u></u>

See accompanying notes to financial statements.



**VIRGINIA EARLY CHILDHOOD FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**1. Summary of Significant Accounting Policies**

The Virginia Early Childhood Foundation. (VECF) is a non-profit corporation exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. VECF is organized exclusively for educational and charitable purposes, to promote, aid and encourage early childhood education and services in the Commonwealth of Virginia, alone or in cooperation with governmental or other private bodies or agencies. It has no unrelated business income subject to federal income taxes under Section 511 of the Internal Revenue Code. It is funded principally from contributions and governmental grants. The following accounting policies unique to non-profit organizations are:

- a. Investment income derived from the investment of all funds is credited to revenue of current unrestricted funds in the periods earned.
- b. Donated fixed assets are recorded at fair market value when received.
- c. Donated services are recorded at fair market value as contributions and expenses when all of the following conditions are met:
  - 1. The services require specialized skills and are provided by individuals possessing those skills.
  - 2. The service would typically need to be purchased if not provided by donation.
  - 3. There is a clearly measurable basis for the amount recorded.

**d. 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.

**e. Cash and Cash Equivalents**

For the purpose of reporting cash flows, VECF considers all checking accounts and saving accounts and certificates of deposits with a original maturity of three months or less to be cash and cash equivalents.

**2. Land, Building, Equipment and Depreciation**

Depreciation of equipment, furniture and fixtures is provided on a straight-line basis over the estimated useful lives of the assets. Equipment, furniture and fixtures are recorded on the books at cost or fair market value, if donated. Fixed asset purchases greater than \$1,000 are capitalized.

3. Lease Commitments

VECF entered into a forty-eight month lease as of April 2009 for a copier. Total payments made during the year under copier lease agreements was \$5,095.

VECF entered into a five year lease as of June 2010 for office space located in Richmond, Virginia. Total payments made during the year for office space were \$24,892.

Future payments under these lease agreements are as follows.

<u>Year</u>	<u>Amount</u>
2011	\$ 50,265
2012	50,265
2013	49,555
2014	46,004
2015	42,170
	<u>\$ 238,259</u>

4. Accrued Vacation

VECF provides paid vacation for all regular employees. Vacation is available on a pro-rated basis to regular part-time employees. Vacation accrues monthly based on length of service and/or negotiated time off. All full-time employees accrue twelve days annually with an additional one day per year for each year of service maxing out at twenty-five days.

5. Pension Plans

VECF employees participate in a tax-deferred annuity plan that is subject to section 403 (b) of the Internal Revenue code. The tax-deferred annuity was established to allow employees the opportunity to contribute toward their retirement benefits. VECF was not required to contribute to this tax-deferred annuity. It was established only for employees to make contributions up to the maximum contribution permitted by Internal Revenue Code. VECF employees also participate in a simplified employee pension plan in which VECF contributes 6% of the employee's total wages. Total retirement expense for the year was \$32,078.

6. Contributions and Grants

In accordance with Financial Accounting Standards Board Codification (FASBC) 958-205, entitled Presentation of Financial Statement, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor and/or grantor restrictions. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

7. Contributions Receivable

At June 30, 2010 VECF has recorded unconditional contributions receivable of \$276,315 related to the operations of the Foundation. These contributions receivable are expected to be received within a year. All receivables are expected to be collected based upon VECF prior experience with funding sources.

**VIRGINIA EARLY CHILDHOOD FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**8. Functional Expenses**

Expenses are charged directly to program or management and general categories based on specific identification. Indirect expenses have been allocated based upon direct compensation.

**9. Financial Statements**

The accompanying financial statements are presented in accordance with FASBC 958-205 entitled Presentation of Financial Statement, VECF is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

In addition, VECF is required to present statements of functional expenses and of cash flows. VECF has reclassified its financial statements to present the two classes of net assets that apply to them, unrestricted and temporarily restricted net assets.

**10. FASB Accounting Standards Codification 740 Income Taxes**

VECF adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification 740 Income Taxes. Under FASB ASC 740 liabilities are recorded for unrecognized tax benefits, and any related interest and penalties, when it is more likely than not a tax position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no material uncertain tax positions or related interest and penalties at September 15, 2010 and accordingly no liability is accrued.

**11. Cash and Investments**

The Federal Deposit Insurance Corporation (FDIC) insures the accounts of each financial institution customer up to \$250,000 per financial institution. VECF has \$91,210 uninsured in its accounts with Wachovia and \$102,505 in accounts with SunTrust Bank.

**12. Temporarily Restricted Net Assets**

The temporarily restricted net assets consist of funds received from the Virginia General Assembly and other public contributions for the following future use:

Early Childhood Program and Infrastructure Development	\$ 748,535
--	------------

**13. Net Assets Released From Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose.

Purpose restriction accomplished:

Early Childhood Programs, Initiatives and Technical Assistance	\$ 2,186,606
Resource Development	<u>63,714</u>
	<u>\$ 2,250,320</u>



14. **Subsequent Event**

In preparing these financial statements, VECF has evaluated events and transactions for potential recognition or disclosure through September 15, 2010, the date the financial statements were available to be issued.

In the subsequent year VECF received \$1,275,000 from the Virginia General Assembly to be used toward providing grants, training, and technical assistance to local communities working to build their capacity to provide families and children with high quality early childhood services and programs.

VECF also received funds in the subsequent year from the Virginia Department of Social Services pass through from the Federal Department of Health to expand the Virginia Star Quality Initiative (VSQI), the Quality Rating and Improvement System (QRIS).

15. **Grant and Contract Support**

In accordance with the terms of its contract, VECF may use unexpended funds in future periods to the extent that expenses incurred are in compliance with the specified terms of the contract. Grantors may, at their discretion, request reimbursement or return of funds, or both, as a result of non-compliance by VECF with the terms of the contract.

16. **Concentrations**

Sixty-three percent of VECF funding comes from the Virginia General Assembly.

17. **Related Party Transactions**

Various board Members both individual and through a family foundation donated \$106,150 to VECF.

A board member's company in the subsequent year received \$15,000 for professional services render to VECF.

