



LEARNING IN



**SMART
BEGINNINGS**

Virginia Early Childhood Foundation

2016 ANNUAL REPORT

MISSION

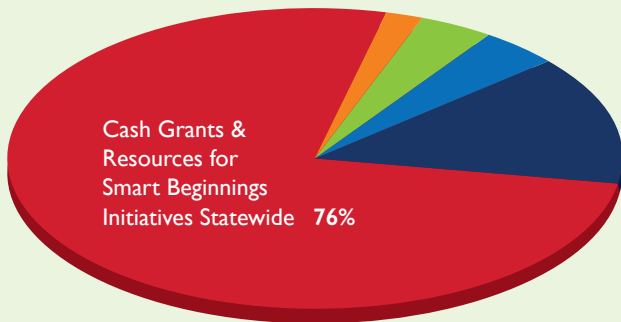
The non-partisan steward and capacity-builder for advancing school readiness in the Commonwealth.

VISION

Every Virginia child is prepared for school, laying the foundation for workforce and life success.

VECF'S FINANCIAL STEWARDSHIP

Virginia Quality Initiative	14%
Public Awareness/Engagement	4%
Fundraising	4%
Management & General	2%



FY16 Program Expenses

Additional Funds Leveraged by VECF for VA
\$22,385,000

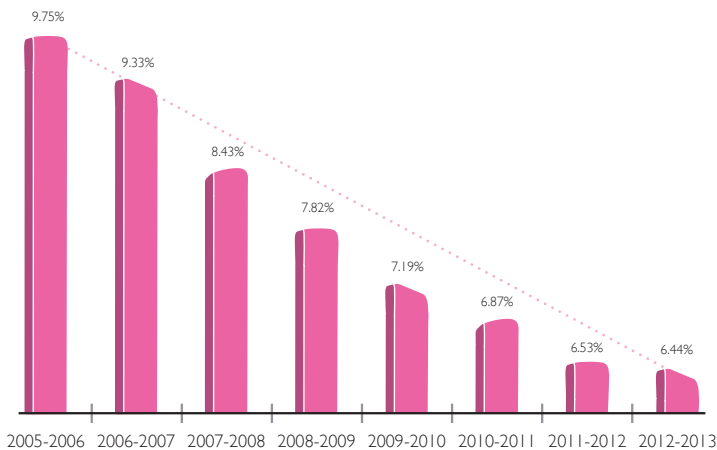
Other Funds Leveraged by VECF and Local Initiatives
\$7,649,344

State Appropriation
\$1,500,000

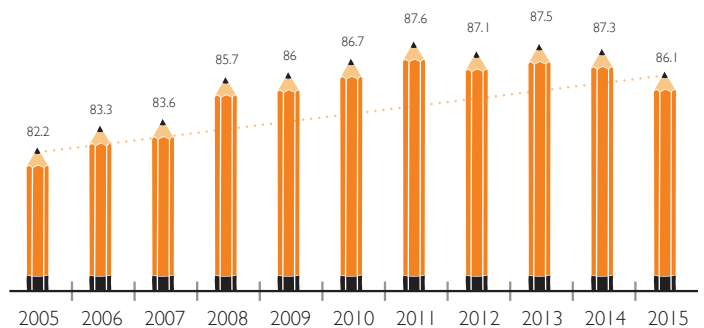
Total Leveraged Funds FY16
\$30,034,344
(20:1 ratio from state general funds)

2016 Leveraged Funds for School Readiness in Virginia

TRENDS IN SCHOOL READINESS Outcomes in Virginia, 2005-present



Decrease in K-3rd Grade Repeaters



Increase in Kindergarten Readiness Based on Fall Literacy Scores



CHAIRMAN'S LETTER



As the Virginia Early Childhood Foundation strives to ensure Smart Beginnings for our youngest children, we are capitalizing on the strong foundation built over the past ten years to target our resources and maximize impact.

With support from both the General Assembly and the Commonwealth's corporate leadership, this public-private partnership is helping to improve the quality of tomorrow's workforce and the strength of Virginia's economy.

VECF is encouraged to see the positive trends over the past decade for many key school readiness indicators in Virginia. While this demonstrates real progress, data also indicate that some children are not succeeding on pace with others. This report highlights some of the ways that VECF is focusing on innovation, supporting Virginia's early childhood educators, and targeting data-driven strategies for optimal development for young children and their families.

I would like to take this opportunity to thank our public and private sector partners and warmly welcome our new donors. VECF and its partners have multiplied the impact of the state's appropriation by leveraging additional funds that will yield an impressive return on investment for the state. At the same time, VECF has kept its overhead low, directing its resources into communities and strategies that hold promise for children and families in Virginia.

VECF, with its partners, has full confidence and hope for the decade ahead. Thank you for your dedication to the vision that ***every Virginia child is prepared for school, laying the foundation for workforce and life success.***

Reginald N. Jones
Chairman, FY15-16

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Kathy Glazer

LEARNING IN to Strategic Innovation



86% of young children who attended Virginia Quality participating programs in Roanoke met the benchmark for school readiness compared to 79% for all Roanoke City Public School students.

“Smart Beginnings and the United Way of Roanoke Valley are able to target our technical assistance and philanthropic efforts based on the data results. We provide specialized training and materials to the preschool sites, and work alongside community partners to offer programs in areas where the reading scores were lower, to support stronger reading skills.”

– Afira DeVries, President and CEO, United Way of Roanoke Valley

“Students who fail to master reading by third grade are more likely to become caught in a cycle of academic failure. The data-driven quality measures resulting from this Partnership are helping children achieve the early success that will prove critical for the rest of their lives.”

– Craig Ramey, Ph.D., Virginia Tech Carilion Research Institute



Present
—
Absent

Children who attended quality-rated centers in Roanoke have a lower rate of missed school days than the rest of Roanoke Public School children...

...even though children from Virginia quality-rated centers, as a cohort, have higher participation rates in free or reduced lunch programs (an indication of low-income status for their families).

“Having this feedback loop is helping us better understand where our children need help so that we can target individual instruction to help them meet Kindergarten readiness expectations.”

– Lisa Denny, Executive Director, Greenvale School

VECF and its partners are committed to harnessing data tracked over the past decade to spur and sharpen our efforts. We capitalize on Virginia’s investment in the statewide network of Smart Beginnings initiatives to field-test strategic innovations that help achieve the best possible outcomes for young children and families in Virginia.

With funding from the Virginia General Assembly, VECF awarded Innovative Partnerships grants to Smart Beginnings Greater Roanoke, Smart Beginnings Thomas Jefferson Area, and Smart Beginnings Rappahannock Area to field-test replicable innovations to support the school readiness of at-risk children.

LEARNING IN LOCALLY with Smart Beginnings Greater Roanoke

Like many communities in Virginia, Smart Beginnings Greater Roanoke has been striving to improve the quality of early education programs through implementation of Virginia Quality, but they were frustrated that once children started Kindergarten, there was limited information for understanding the impact of their efforts.

Unprecedented Data Sharing

VECF’s Innovative Partnerships grant supported Smart Beginnings Greater Roanoke and its community partners to hone collaborative efforts in data collection, sharing, and analysis, tracking student performance from early learning programs into elementary schools. Unprecedented data-sharing agreements have been formed among Roanoke City Public Schools, Virginia Tech Carilion Research Institute, Smart Beginnings, and dozens of early learning programs.

Ground-Breaking Results

The improved ability to track and share specific aspects of literacy development from early learning programs into the elementary grades has provided a remarkable feedback loop. Seeing the value and outcomes from these data-driven quality improvements, more early learning providers in the region are eager to enroll in Virginia Quality and participate in the data-sharing initiative.

This pioneering effort is being replicated in other communities across the state.

“It is our vision that students will have the skills to be successful regardless of income, ethnicity, disabilities or other challenges. Through participation in the Data Tracking Partnership, we are better targeting our resources to overcome barriers that impact the quality of Roanoke’s public education.”

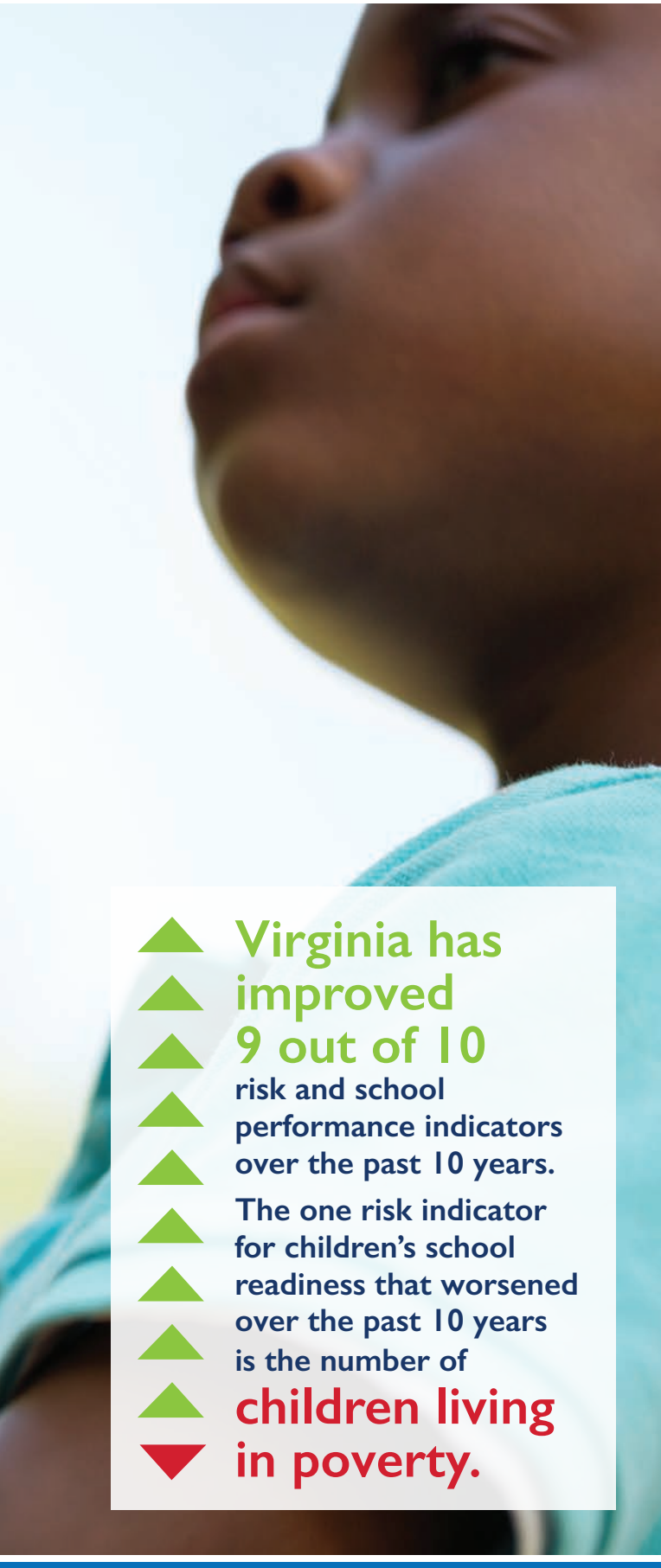
– Rita Bishop, Superintendent, Roanoke City Public Schools



LEARNING IN to Solve Problems

A childhood in poverty places children at greater risk of:

- repeating a grade
- scoring lower than others on standardized tests
- being identified with learning disabilities
- having lower skills in the areas of reading, working with numbers, problem solving, and memorizing



▲ Virginia has
▲ improved
▲ 9 out of 10
▲ risk and school
▲ performance indicators
▲ over the past 10 years.
▲ The one risk indicator
▲ for children's school
▲ readiness that worsened
▲ over the past 10 years
▲ is the number of
▲ children living
▼ in poverty.

While VECF's **2016 School Readiness Report Card** shows that the trends in state averages over the past decade are positive on nearly all tracked indicators, we see that significant challenges remain. When viewing the data by groups, it's clear that children from low income backgrounds and children of color continue to lag behind their peers. For instance, while 92% of children who are not economically disadvantaged met the literacy benchmark at Kindergarten in 2014, only 82% of children who are poor were successful in meeting the benchmark. The adverse effects of poverty and the chronic stress it causes disrupt optimal development and learning.

VECF is redoubling its efforts and targeting its resources to populations of Virginia's children who are struggling with conditions and performance. In order to move the needle, we believe in the importance of improving data sharing across systems so that we may wield resources more efficiently and effectively; intentionally addressing barriers to progress; and promoting a root-cause problem-solving approach to support better futures for Virginia's at-risk families.

LEANING IN to Multi-Generation Strategies

With support from the W.K. Kellogg Foundation, VECF initiated **Smart Beginnings for Southside Families** to tackle the root causes of entrenched disparity in this region – and strive to change the life trajectory of children and their families living in rural poverty.

Focus on Parent and Child

Family Coaches zero in on the needs of both child and parent, focusing on ensuring school readiness for children while also providing sustained support to help parents reach their parenting, educational, and employment goals. Coaches assist families with life management skills and problem solving as barriers arise, lowering stress on the family and strengthening parent capacity to be their child's first teacher.

Transforming Communities

This initiative is bringing attention to the challenges faced by families in this economically depressed area. Through trusting relationships, the Family Coaches understand the gaps, barriers, and policy issues that are threatening these families' success – and carefully document this information so it can be used to inform local, regional and state level policy reform. A key tenet is to improve the community support structure and connections to services the families need to thrive.

LEARNING IN to Elevate the Early Childhood Workforce



“When we think about where to direct state resources for the most impact, focusing on our early learning workforce is pivotal. These are skilled jobs, and we need well trained workers.”

– Delegate Tag Greason (R-32nd District)

“Preparing children for school requires the attention of many partners – parents and families, child care and health care providers, schools, the faith community, higher education and business leaders, all integral in creating the conditions for optimal development.”

– Mark M. Gordon, CEO, Bon Secours Richmond-East



Over ten years, one early childhood educator can launch the educational trajectory for

200 children.

The single most important investment Virginia can make toward promoting school readiness and a strong workforce is strengthening the competencies of those who care for and teach young children – most of whom spend their days in preschool or child care settings while their parents work.

VECF is playing a leadership role in a statewide initiative to elevate and emphasize the importance of the early childhood workforce, the “brain builders” of Virginia’s next generation.

LEARNING IN to Statewide Action

VECF and the Virginia Chamber of Commerce co-hosted a symposium titled, “Upskilling Virginia’s Early Learning Workforce,” which convened a remarkable set of stakeholders focused on recognizing the importance of this workforce and beginning to map out a stronger system of support for early educators in our state. The group’s working paper is helping to guide steps moving forward. VECF is continuing to bring statewide focus to the need for effective professional development pathways for Virginia’s early learning workforce.

National Leadership

Supported by a W.K. Kellogg Foundation grant, a Virginia team participated in a 5-state initiative of the National Academies focused on improving systems to support the early education workforce. Recommended short and long term actions are aimed at creating career and education pathways that are more cohesive and effective for supporting knowledge and skills specific to early childhood development.

State Level Focus

Recognizing this important issue, the School Readiness Committee was established by the 2016 General Assembly to focus on the development and alignment of an effective professional development and credentialing system for the early childhood education workforce. VECF is honored to be charged with facilitating the School Readiness Committee and pleased that the accomplishments of the National Academies team and the previously convened stakeholder group will inform the work of this committee.

LEARNING IN *Together*





Q ■ Why is ■ school readiness important to Virginia?

A ■ “Forging partnerships across traditional boundaries is one way public schools can expand access to preschool and prepare more children for success in Kindergarten and beyond.”
■ – Dr. Billy K. Cannaday, Jr., *President, Virginia Board of Education*

“Every business needs smart, skilled employees who are well-qualified for 21st century jobs. The workforce development pipeline begins with young children who have a strong foundation so they will begin school healthy and ready to learn.”

– Mike Chinn, *President, S&P Global Market Intelligence*

“Now that VECF is in its second decade, we are seeing that with strong leadership, intentional focus, and measurement along the way, we can improve children’s outcomes. When all children have access to quality early childhood services, they can reach their full potential in school and in life.”

– Kathy Glazer, *President, Virginia Early Childhood Foundation*

“We know that children learn better when they’re healthy. It takes a collaborative approach to turn healthy children into the healthy, well-educated adults who are critical to Virginia’s economy. Our state’s well-being is inextricably linked to the well-being of our children.”

– Bill Hazel, *Virginia Secretary of Health and Human Resources*

“Helping young children have a strong start in life is critical for communities to successfully meet the demands of the future. Virginia’s cities and towns understand the importance of giving children the tools they need to be successful.”

– Ron Rordam, *Mayor of Blacksburg*

“We take our role of training the next generation of early educators very seriously. By strengthening the competencies of those who care for and teach young children, the community college system is helping to ensure school readiness.”

– Dr. Robert H. Sandel, *President, Virginia Western Community College*

2016 DONORS

The generosity and commitment of our funding partners enables the Foundation to provide the vision and leadership essential to advance school readiness for Virginia's children. VECF proudly thanks and recognizes the following donors for their contributions between July 1, 2015 and June 30, 2016.

STAKEHOLDER (\$1 MILLION +)

Virginia General Assembly

INVESTOR (\$100,000-\$500,000)

Dominion Resources
W. K. Kellogg Foundation
Nemours, National Office of Policy & Prevention via a cooperative agreement from The Centers for Disease Control and Prevention
Virginia Department of Social Services

CAPACITY BUILDER (\$50,000-\$99,999)

Thomas and Nancy J. Chewning
Fund of The Community Foundation
Serving Richmond and Central Virginia
Norfolk Southern Foundation
Robins Foundation
Virginia Department of Education

INNOVATOR (\$25,000-\$49,999)

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WestRock Foundation
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William "Biff" Rees, MD
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Successful Innovations, Inc.
Williams Mullen

BENEFACTOR (\$500-\$999)

Deborah M. DiCroce
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Stacey Collier
Jackie Hicks
Colleen A. Kraft
William F. Mayo
Kris Meyers
Angela Rice
Marilyn Rice
Gale and Bill Roberts
Carrie and Doug Roth

GIFTS IN-KIND

Williams Mullen

GIFTS IN MEMORY

In Memory of Senator John Miller*

** VECF was deeply honored to be selected by Senator Miller's family to receive gifts in his memory. These contributions serve as a tribute to his legacy of service and commitment to the health and well-being of Virginia's young children. For a full list of those who lovingly and thoughtfully made gifts in Senator Miller's memory, please visit www.vecf.org.*

We have made every attempt to ensure the accuracy of this listing. If you notice an error, please contact us at **(804) 358-8323**.

FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION

June 30, 2016

ASSETS

Current Assets

Cash and Cash Equivalents	\$1,924,801
Grants Receivable	350,915
Prepaid Expenses	11,732
Grant Advance	4,989
Other Assets	3,767

Total Current Assets 2,296,204

Property and Equipment

Furniture and Fixtures	19,233
Accumulated Depreciation	(18,547)

Total Property and Equipment 686

Total Assets \$2,296,890

LIABILITIES & NET ASSETS

Current Liabilities

Accounts Payable	\$60,264
Grants Payable	137,242
Accrued Expenses	36,371

Total Current Liabilities 233,877

Net Assets

Unrestricted	919,197
Temporarily restricted	1,143,816

Total Net Assets 2,063,013

Total Liabilities & Net Assets \$2,296,890

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

PUBLIC SUPPORT & REVENUE

Public Support

Contributions	
Individuals	\$62,478
Corporations	391,500
Foundations & Organizations	428,000

Total Public Support 881,978

Revenue

Government Grants	2,236,905
Interest Revenue	1,462

Total Revenue 2,238,367

Total Support & Revenue \$3,120,345

EXPENSES

Program Services	\$2,860,428
Fundraising	121,484
Lobbying	1,872
Management & General	71,336

Total Expenses 3,055,120

Change in Net Assets 65,225

Net Assets, Beginning 1,997,788

Net Assets, Ending \$2,063,013



SMART
BEGINNINGS

Virginia Early Childhood Foundation

1703 N. Parham Road, Suite 110
Richmond, VA 23229

(804) 358-8323

www.smartbeginnings.org

Virginia Early Childhood Foundation

Financial Statements

June 30, 2016

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

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LARRY SAUNDERS & ASSOCIATES

Certified Public Accountants L.L.C.



2902 CHAMBERLAYNE AVENUE
RICHMOND, VA 23222-3506

INDEPENDENT AUDITORS' REPORT

Telephone (804) 321-8512
Fax (804) 321-8534

To the Board of Trustees of
Virginia Early Childhood Foundation
Richmond, Virginia

We have audited the accompanying financial statements of Virginia Early Childhood Foundation (VECF) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Richmond, Virginia
September 27, 2016

A handwritten signature in cursive script that reads "Larry Saunders & Associates".

Virginia Early Childhood Foundation

Statement of Financial Position

June 30,	2016
Assets	
Current assets	
Cash and cash equivalents (note 1e and 11)	\$ 1,924,801
Accounts Receivable	
Grants Receivable net (note 7)	350,915
Prepaid Expenses	11,732
Grant Advance	4,989
Other Assets	3,767
Total current assets	<u>2,296,204</u>
Property and equipment	
Furniture and fixtures	19,233
Accumulated depreciation	(18,547)
Total property and equipment	<u>686</u>
Total assets	<u>\$ 2,296,890</u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 60,264
Grants Payable	137,242
Accrued expenses (note 4)	36,371
Total current liabilities	<u>233,877</u>
Net assets	
Unrestricted	919,197
Temporarily restricted (note 12)	1,143,816
Total net assets	<u>2,063,013</u>
Total liabilities and net assets	<u>\$ 2,296,890</u>

Virginia Early Childhood Foundation

Statement of Activities

Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue			
Public Support			
Contributions (note 6 & 17)			
Individual and Board Contributions	\$ 62,478	\$ -	\$ 62,478
Corporations	285,000	106,500	391,500
Foundations and Organizations	25,000	403,000	428,000
Total Public Support	372,478	509,500	881,978
Revenue			
Government Grants	-	2,236,905	2,236,905
Interest Revenue	1,462	-	1,462
Total Revenue	1,462	2,236,905	2,238,367
Net assets released from restrictions (note 13)	3,055,120	(3,055,120)	-
Total Support and Revenue	3,429,060	(308,715)	3,120,345
Expenses			
Program Services	2,860,428	-	2,860,428
Fund Raising	121,484	-	121,484
Lobbying	1,872	-	1,872
Management and General	71,336	-	71,336
Total expenses	3,055,120	-	3,055,120
Change in net assets	373,940	(308,715)	65,225
Net Assets, Beginning	545,257	1,452,531	1,997,788
Net Assets, Ending (note 12)	\$ 919,197	\$ 1,143,816	\$ 2,063,013

Virginia Early Childhood Foundation

Statement of Functional Expenses

Year Ended June 30, 2016

	Programs	Fund Raising	Lobbying	Management and General	Total
Salaries (note 4)	\$ 623,260	\$ 81,127	\$ -	\$ 44,298	\$ 748,685
Benefits (note 5)	161,510	15,052	-	10,357	186,919
Total staff compensation	784,770	96,179	-	54,655	935,604
Professional Services	564,456	17,134	1,872	4,501	587,963
Supplies	1,498	88	-	2,300	3,886
Telecommunications	7,328	349	-	562	8,239
Postage	1,188	-	-	722	1,910
Leases (note 3)	43,334	4,032	-	3,023	50,389
Equipment Repair and Maintenance	5,252	487	-	367	6,106
Printing	8,621	40	-	30	8,691
Travel	32,075	-	-	23	32,098
Meetings and Events	66,271	163	-	708	67,142
Subscriptions/Memberships/Publications	28,033	2,598	-	577	31,208
Professional Development	2,868	-	-	-	2,868
Equipment	375	-	-	-	375
Insurance	3,703	344	-	258	4,305
Advertising	-	-	-	110	110
Grants to Others	1,207,178	-	-	-	1,207,178
Subrecipient Awards	103,204	-	-	-	103,204
Gifts	-	-	-	3,478	3,478
Total expenses before depreciation	2,860,154	121,414	1,872	71,314	3,054,754
Depreciation	274	70	-	22	366
Total expenses	\$ 2,860,428	\$ 121,484	\$ 1,872	\$ 71,336	\$ 3,055,120

Virginia Early Childhood Foundation

Statement of Cash Flows

Year Ended June 30,	2016
Cash flows from operating activities	
Change in net assets	\$ 65,225
Adjustments to reconcile to net cash from operating activities:	
Depreciation	366
(Increase) decrease in grants receivable	68,446
(Increase) decrease in other assets	1
(Increase) decrease in grant advance	(4,989)
(Increase) decrease in prepaid expenses	(775)
Increase (decrease) in accounts payable	9,732
Increase (decrease) in grants payable	(103,354)
Increase (decrease) in accrued expenses	1,956
Net Cash Provided (Used) by Operating Activities	<u>36,608</u>
Net change in cash and cash equivalents	36,608
Cash and cash equivalents - beginning of year	<u>1,888,193</u>
Cash and cash equivalents - end of year	<u>\$ 1,924,801</u>

VIRGINIA EARLY CHILDHOOD FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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. Disclosure of Accounting Policy

For the purpose of reporting cash flows, VECF considers all checking accounts and saving accounts and certificates of deposits with a 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.

VIRGINIA EARLY CHILDHOOD FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

3. Lease Commitments

VECF entered into a forty-eight month lease as of August 2012 for a copier. Total payments made during the year under the copier lease agreement were \$4,287.

In August 2014 VECF moved office locations and entered into a new five-year lease for office space in Richmond, Virginia. Total payments made during the year for office space were \$46,102.

Future payments under these lease agreements are as follows.

<u>Year</u>	<u>Amount</u>
2017	\$ 47,485
2018	48,910
2019	50,377
2020	<u>16,957</u>
Total	<u>163,729</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 thirty days. Total accrued vacation at June 30, 2016 was \$36,371 ("accrued expenses" line page 2 – Statement of Financial Position).

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 is 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 the 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 \$36,068 ("benefits" line page 4 – Statement of Functional Expenses).

6. Contributions and Grants

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification 958-605-45, entitled Other Presentation Matters, 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.

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7. Contributions Receivable

At June 30, 2016, VECF has recorded unconditional contributions receivable related to its operations. These contributions are to be received subsequent to June 30, 2016 as follows:

Receivable less than a year	\$ 350,915
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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 Financial Accounting Standards Board Accounting Standards Codification 958-205 Presentation of Financial Statements. 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 June 30, 2016, 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 maintains bank accounts with high quality institutions and had \$943,276 uninsured in its accounts at June 30, 2016.

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 Programs, Initiatives and Technical Assistance	\$ 1,143,816
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13. Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows:

Early Childhood Programs, Initiatives and Technical Assistance	\$ 3,055,120
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14. Subsequent Event

In preparing these financial statements, VECF has evaluated events and transactions for potential recognition or disclosure through September 27, 2016, the date the financial statements were available to be issued.

In the subsequent year, VECF received \$3,600,000 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.

15. Grants and Grant Support

In accordance with the terms of its grants, VECF may use unexpended funds in future periods to the extent that expenses incurred are in compliance with the specified terms of the agreement. 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-seven percent of VECF funding comes from the Virginia General Assembly.

17. Related Party Transactions

Various Board Members, both individually and through a family foundation, donated \$123,450 to VECF.

VECF contracted with a company for lobbying and education activities, in which a board member is a partner. VECF followed protocol outlined in its conflict of interest policy, to ensure that there was no conflict of interest regarding these services. As of June 30, 2016, total costs for services were \$45,000.