

VIRGINIA EARLY CHILDHOOD FOUNDATION 2023 ANNUAL REPORT TO STAKEHOLDERS



To our Stakeholders and Investors:

We are pleased to present the Virginia Early Childhood Foundation's (VECF) progress as the Commonwealth's public-private partner in building a strategic and sustained focus on early childhood success. In the wake of the pandemic, VECF has convened partners to create hope and deliver on the promise we see in Virginia's young children, their families, and communities statewide.

Delivering on Our Promises: We've worked to achieve powerful alignment of the public and private sectors' vision for Virginia's early childhood education system. [Ready Regions](#), our boots-on-the-ground network recently celebrated its one-year mark as essential system connectivity, preserved in Virginia law. Through Ready Regions, VECF and partners are well positioned to ensure that every Virginia region, family, and child has access to high quality early childhood care and education (ECCE) opportunities. Just as we retired the Smart Beginnings brand for Ready Regions to emerge, we've concluded Virginia Quality, the state's former quality measurement and improvement system for ECCE sites, as Ready Regions now support the implementation of the statewide mandatory Virginia Quality Birth to Five system ([VQB5](#)). Through VQB5 and implementing a growing [Mixed Delivery program](#), VECF and Ready Regions partner to deliver on the promise of quality in all publicly funded ECCE sites, driving improvement to ensure all children have access to game-changing early learning experiences.

This past year, we have expanded assets rooted in the Ready Regions network to champion the policy and investment decisions needed to achieve our shared vision for a strong and durable ECCE system. [Virginia Promise Partnership](#) works at a regional and state level to elevate the voices of parents and providers alongside Family Councils representing each region. The newly launched Virginia Business Roundtable for Early Education (VBREE) is bringing the heft of the business and economic development sectors to advance state investment in a strong ECCE system as essential to workforce and economic success. Each Ready Region is also represented on the new [Commission on Early Childhood Care and Education](#) that is charged with providing recommendations and tracking progress for long-term financing of Virginia's comprehensive birth-to-five ECCE system.

Quantifying ROI: We proudly steward public funds and leverage private funds to assist the state with problem-solving strategies and on-the-ground connections to achieve our collective mission while harnessing private funding and leadership as essential and powerful catalysts for innovation and partnership. VECF and partners earn and leverage resources to yield significant return on investment. In FY23, we secured additional resources to our base appropriation by a ratio of 82 to 1. With overhead at 2% of our annual budget, we intentionally direct resources into communities with innovative strategies that have bolstered access, quality, and accountability in Virginia's early childhood system. Please visit www.vecf.org to learn more about our efforts in FY23.

This year, VECF sponsored a [study](#) to quantify the anticipated return on investment from an additional \$309 million in pandemic relief funding toward ECCE in FY23 compared to FY19. With this additional surge of funds, Virginia provided a year of affordable, high-quality child care to 11,151 additional children under age 5 (and 3,939 children ages 5-12) through expansion of Mixed Delivery and Child Care Subsidy services. The Vanderbilt University study team estimated conservatively that the additional \$309 million invested in FY23 will drive **a return of \$364.3 million within one year** and generate at least **\$778 million in combined cost savings and economic benefits across the lifetime** of the children under 5 who received ECCE services in FY23.

Both challenges and opportunities are on the horizon. Thanks to your valued interest and support of this transformative work, we will continue to make progress on our promises.

With gratitude,



Robert Hurt
Chairman



Kathy Glazer
President

DELIVERING ON OUR PROMISES: *A glimpse at progress over the past year*

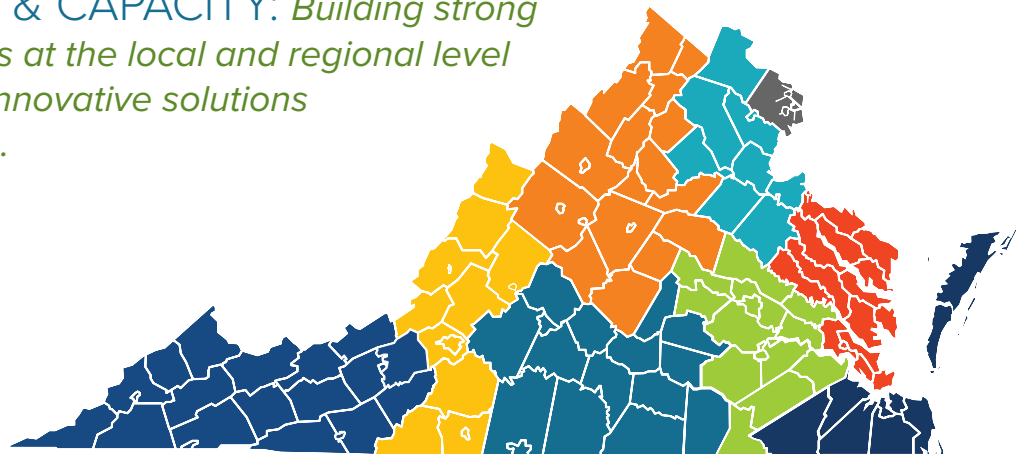
Our Vision: Every region in Virginia will ensure equitable opportunities for all families with young children to thrive.

Our Mission: VECF is the non-partisan steward of Virginia's promise for early childhood success.

SYSTEMS BUILDING & CAPACITY: *Building strong public-private partnerships at the local and regional level as communities develop innovative solutions to their unique challenges.*

READY REGIONS

Ready Regions is activated statewide in nine regions.



8,000+



Virginia Quality Birth to Five (VQB5)

Through Ready Regions coordination, **8,000+ classrooms** participated in this program to improve classroom quality; **19,500 CLASS observations** were conducted to support child/teacher interactions and curricular practices.

19,500

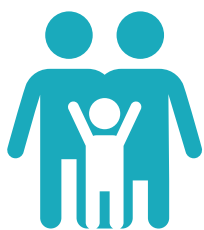


RecognizeB5

Through VECF administration, **9,550 early educators** working in publicly-funded child care and family day home sites received direct financial incentives totaling more than **\$22 million** to support, retain, and reward this important yet undercompensated workforce.

\$22,000,000+

paid directly to teachers



Parent Engagement

For the first time, **Ready Region Family Councils are engaging parents** who represent their region to provide insights about how to build a stronger Virginia early childhood system to meet their needs and preferences. Family Councils are helping regions forge **Mixed Delivery partnerships** and design **Coordinated Enrollment plans** that inform parents about their options so they can make the choice right for them.

PARTNERSHIPS & INNOVATION: *Advancing solutions for increased access to early childhood opportunities at both the state and local levels.*

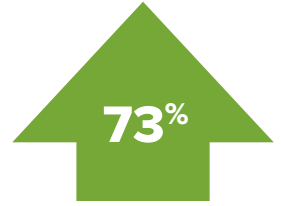
2146



Mixed Delivery

2146 children (a 73% increase over last year) experienced full-day, full year **high quality early childhood education** services in private settings preferred by and at no cost to their families.

73%



Strengthening & Stabilizing the Child Care Workforce

Fast Track: This new program is recruiting and **training new assistant teachers** in every Ready Region, paying a competitive hourly wage to strengthen and champion the early education workforce so that families can access the services they need.



Finance & Compensation Task Force: A group of center-based child care providers across Virginia was activated to **develop recommendations for policy makers** regarding workforce compensation and retention. Providers participated in trainings and customized supports designed to help sustain their business and address staff compensation and retention. A toolkit informed by their feedback will be rolled out across the state to help providers improve their business practices.

POLICY & ADVOCACY: *Activating voices to shape policies and promote investment to support early childhood success.*



Virginia Promise Partnership (VPP)

This coalition of leading organizations is **elevating the voices of child care providers and parents** in all nine Ready Regions to push for the long-term policies and resources needed to give all of our children access to quality child care.

Virginia Business Roundtable for Early Education (VBREE)

The newly launched Virginia Business Roundtable for Early Education (VBREE) is bringing the focus and heft of business and economic development executives in each Ready Region to **champion increased investment and policy improvements** for Virginia's early childhood system.



Accountability

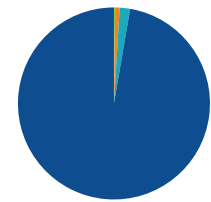


VECF and its partners document and **track data that illuminate gaps in access to early childhood services**. We use this information to motivate commitment for increased availability to and investment in affordable quality child care that meets the choices and needs of all Virginia families. Our most recent reports include: [Infant Toddler Gap Analysis 2023](#), [Virginia Child Care Stabilization and Sustainability Evaluation Report](#), and [Early Investment, a Lifetime of Returns: Articulating the Value of Early Childhood Investments in Virginia](#).



VECF's Financial Stewardship

Cash Grants & Resources for Early Childhood System Priorities Statewide	98%
Management & General	.5%
Public Awareness/Engagement	1.3%
Fundraising	.2%

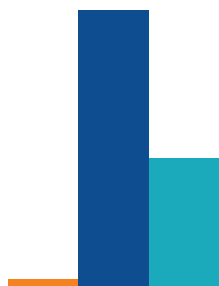


FY23 Program Expenses
\$67,840,712

Base Appropriation
\$1,250,000

Other Funds Leveraged by VECF and Local Initiatives
\$69,867,835

Additional Funds Leveraged by VECF for VA
\$32,147,686



FY23 Leveraged Funds for School Readiness in Virginia
\$102,015,521
(82:1 RATIO FROM BASE APPROPRIATION)

VECF OFFICERS

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Liberty University

Richard Bynum – **Vice Chairman**
PNC Bank

Kevin Curtis – **Treasurer**
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Dr. Cynthia Romero – **Secretary**
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PRESIDENT

Kathy Glazer

Financial Information

STATEMENT OF FINANCIAL POSITION

As of June 30, 2023

ASSETS

Cash & Cash Equivalents	\$6,171,004
Cash Held for Others	2,265,513
Accounts Receivable	
Grants Receivable	11,067,019
Contributions Receivable	984
Other Receivables	64,430
Prepaid Expenses	105,482
Other Assets	3,767
Right-of-Use Asset-Operating Lease	138,198

Property and Equipment

Furniture & Fixtures	\$46,793
Accumulated Depreciation	(10,807)

Total Property & Equipment	35,986
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Total Assets	\$19,852,383
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LIABILITIES & NET ASSETS

Liabilities

Accounts Payable	\$1,149,021
Refundable Advance	2,511,260
Grants Payable	7,104,402
Amounts Held for Others	2,265,513
Accrued Expenses	74,685
Line of Credit	3,051,715
Lease Liability-Operating Lease	140,213

Total Liabilities	16,296,809
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Net Assets

Without Donor Restrictions	\$248,716
With Donor Restrictions	3,306,858

Total Net Assets	3,555,574
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Total Liabilities & Net Assets	\$19,852,383
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STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

PUBLIC SUPPORT & REVENUE

Public Support

Contributions	
Individual & Board Contributions	\$56,418
Corporations	112,071
Foundations & Organizations	1,280,000

Total Public Support	1,448,489
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Revenue

Government Grants	\$67,896,642
Payroll Protection Program Forgiveness	—
Interest Revenue	1,976

Total Revenue	67,898,618
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Total Support & Revenue	\$69,347,107
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EXPENSES

Program Services	\$68,413,912
Fundraising	48,952
Lobbying	9,600
Management & General	148,778

Total Expenses	68,621,242
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Change in Net Assets	725,865
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Net Assets, Beginning	2,829,709
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Net Assets, Ending	\$3,555,574
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2023 Donors

The Virginia Early Childhood Foundation is able to provide the vision and leadership essential to ensuring early childhood success because of the generosity and commitment of its funding partners. We proudly recognize and thank the following donors for their contributions between July 1, 2022 and June 30, 2023.

STAKEHOLDERS (\$1 MILLION +)

US Administration for Children and Families through the Virginia Department of Education

- American Rescue Plan
- Preschool Development Grant Birth-Five

US Administration for Children and Families through the Virginia Department of Social Services

- Temporary Assistance to Needy Families

Virginia General Assembly through the Virginia Department of Education

INVESTOR (\$100,000-\$999,999)

Alliance for Early Success

Centers for Disease Control and Prevention through the Nemours Foundation

- Healthy Kids Healthy Future Technical Assistance Program

Community Foundation for a greater Richmond

William R. Kenan, Jr. Charitable Trust
Robins Foundation

US Administration for Children and Families through the Virginia Department of Education

- American Rescue Plan
- Child Care Development Funds
- Preschool Development Grant Birth-Five

US Health Resources and Services Administration through the Virginia Department of Health

- Title V Maternal and Child Health Block Grant

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

Huntington Ingalls Industries
Bob and Anna Lou Schaberg Foundation

US Administration for Children and Families through the Virginia Department of Education

- Preschool Development Planning Grant

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

Danville Regional Foundation
Williamsburg Health Foundation

QUALITY CHAMPION (\$10,000-\$24,999)

Bank of America
Ben and Betty Davenport
Dominion Energy
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Reginald N. Jones through the Robins Foundation

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Elizabeth and Wallace Milner
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Simple Thread

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The Fleetwood Family Fund
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Maria Perez-Lent
Alyson Williams

GIFTS IN HONOR

IN HONOR OF JOHN FLEETWOOD

The Fleetwood Family

IN HONOR OF THE TALENTED VECF STAFF TEAM

Kathy Glazer

GIFTS IN MEMORY

IN MEMORY OF JAMES O. CURTIS

James K. Curtis

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



**VIRGINIA EARLY CHILDHOOD
FOUNDATION**

FINANCIAL REPORT

June 30, 2023



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Virginia Early Childhood Foundation
Richmond, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Virginia Early Childhood Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Virginia Early Childhood Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Virginia Early Childhood Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2023, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Colonial Heights, Virginia
September 20, 2023

VIRGINIA EARLY CHILDHOOD FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 6,171,004	\$ 2,239,752
Cash held for others	2,265,513	29,619,053
Grants receivable	11,067,019	7,781,402
Contributions receivable	984	2,379
Other receivables	64,430	48,623
Prepaid expenses	105,482	46,887
Deposit	3,767	3,767
Property and equipment, net (Note 3)	35,986	17,143
Right-of-use asset - operating lease (Note 8)	138,198	-
Total assets	\$ 19,852,383	\$ 39,759,006
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,149,021	\$ 445,095
Refundable advance	2,511,260	-
Grants payable	7,104,402	4,671,826
Amounts held for others	2,265,513	29,619,053
Accrued expenses	74,685	148,113
Line of credit (Note 4)	3,051,715	2,045,210
Lease liability - operating lease (Note 8)	140,213	-
Total liabilities	16,296,809	36,929,297
 NET ASSETS		
Without donor restrictions	248,716	711,099
With donor restrictions (Note 5)	3,306,858	2,118,610
Total net assets	3,555,574	2,829,709
Total liabilities and net assets	\$ 19,852,383	\$ 39,759,006

The Notes to Financial Statements are an integral part of these statements.

VIRGINIA EARLY CHILDHOOD FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Direct public support	\$ 208,985	\$ 1,239,504	\$ 1,448,489
Government grants and contracts	-	67,896,642	67,896,642
Interest income	1,976	-	1,976
Net assets released from restrictions (Note 5)	67,947,898	(67,947,898)	-
Total revenues and other support	68,158,859	1,188,248	69,347,107
EXPENSES			
Program services	68,413,912	-	68,413,912
Fundraising	48,952	-	48,952
Management and general	158,378	-	158,378
Total expenses	68,621,242	-	68,621,242
Change in net assets	(462,383)	1,188,248	725,865
NET ASSETS			
Beginning	711,099	2,118,610	2,829,709
Ending	\$ 248,716	\$ 3,306,858	\$ 3,555,574

The Notes to Financial Statements are an integral part of this statement.

VIRGINIA EARLY CHILDHOOD FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Direct public support	\$ 255,705	\$ 795,000	\$ 1,050,705
Government grants and contracts	-	40,148,002	40,148,002
Interest income	574	-	574
Net assets released from restrictions (Note 5)	40,279,590	(40,279,590)	-
Total revenues and other support	40,535,869	663,412	41,199,281
EXPENSES			
Program services	40,407,680	-	40,407,680
Fundraising	46,373	-	46,373
Management and general	186,993	-	186,993
Total expenses	40,641,046	-	40,641,046
Change in net assets	(105,177)	663,412	558,235
NET ASSETS			
Beginning	816,276	1,455,198	2,271,474
Ending	\$ 711,099	\$ 2,118,610	\$ 2,829,709

The Notes to Financial Statements are an integral part of this statement.

VIRGINIA EARLY CHILDHOOD FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,341,823	\$ 72,574	\$ 35,506	\$ 1,449,903
Payroll taxes	97,641	10,304	2,541	110,486
Employee benefits	201,974	16,761	5,429	224,164
Total salaries and related expenses	1,641,438	99,639	43,476	1,784,553
Advertising	370	275	-	645
Contractual, professional services, and other	3,185,616	12,317	-	3,197,933
Depreciation	5,465	332	145	5,942
Dues and subscriptions	-	3,626	-	3,626
Grants to others	63,109,646	-	-	63,109,646
Insurance	7,461	453	198	8,112
Interest expense	105,425	6,400	2,792	114,617
Lobbying	-	9,600	-	9,600
Meetings and events	72,455	3,230	-	75,685
Professional development	2,382	3,362	-	5,744
Rent	76,544	4,646	2,027	83,217
Repairs and maintenance	3,439	209	91	3,739
Supplies, postage, and other	185,675	13,581	-	199,256
Telephone	8,420	511	223	9,154
Travel	9,576	197	-	9,773
Total expenses	<u>\$ 68,413,912</u>	<u>\$ 158,378</u>	<u>\$ 48,952</u>	<u>\$ 68,621,242</u>

The Notes to Financial Statements are an integral part of this statement.

VIRGINIA EARLY CHILDHOOD FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,218,765	\$ 105,355	\$ 35,199	\$ 1,359,319
Payroll taxes	91,735	4,608	2,539	98,882
Employee benefits	188,708	1,684	5,635	196,027
	<hr/>	<hr/>	<hr/>	<hr/>
Total salaries and related expenses	1,499,208	111,647	43,373	1,654,228
Advertising	1,519	220	-	1,739
Contractual, professional services, and other	3,794,960	30,452	-	3,825,412
Depreciation	4,573	352	101	5,026
Dues and subscriptions	164	636	-	800
Grants to others	34,918,151	-	-	34,918,151
Insurance	7,336	564	161	8,061
Interest expense	37,005	2,847	813	40,665
Lobbying	-	9,700	-	9,700
Meetings and events	36,681	1,838	-	38,519
Professional development	1,921	5,764	-	7,685
Rent	76,783	5,906	1,688	84,377
Repairs and maintenance	2,642	203	58	2,903
Supplies, postage, and other	16,776	15,380	-	32,156
Telephone	8,157	627	179	8,963
Travel	1,804	857	-	2,661
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 40,407,680</u>	<u>\$ 186,993</u>	<u>\$ 46,373</u>	<u>\$ 40,641,046</u>

The Notes to Financial Statements are an integral part of this statement.

VIRGINIA EARLY CHILDHOOD FOUNDATION

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING ACTIVITIES		
Change in net assets	\$ 725,865	\$ 558,235
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,942	5,026
Amortization of right-of-use asset - operating lease	77,316	-
Changes in operating assets:		
Grants receivable	(3,285,617)	(4,811,830)
Contributions receivable	1,395	74,601
Prepaid expenses	(58,595)	(23,302)
Other receivables	(15,807)	(31,108)
Changes in operating liabilities:		
Accounts payable	703,926	(59,409)
Refundable advance	2,511,260	-
Grants payable	2,432,576	2,181,983
Accrued expenses	(73,428)	37,755
Lease liability - operating lease	(75,301)	-
Net cash provided by (used in) operating activities	2,949,532	(2,068,049)
INVESTING ACTIVITIES		
Purchase of property and equipment	(24,785)	(18,402)
Net cash used in investing activities	(24,785)	(18,402)
FINANCING ACTIVITIES		
Net advances on line of credit	1,006,505	1,315,210
Net cash provided by financing activities	1,006,505	1,315,210
Net change in cash and cash equivalents	3,931,252	(771,241)
CASH AND CASH EQUIVALENTS		
Beginning	2,239,752	3,010,993
Ending	\$ 6,171,004	\$ 2,239,752
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 114,617	\$ 40,665
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Adoption of lease standard		
Right-of-use asset - operating lease	\$ 215,514	\$ -
Lease liability incurred	(215,514)	-
Cash paid to acquire right-of-use asset	\$ -	\$ -

The Notes to Financial Statements are an integral part of these statements.

VIRGINIA EARLY CHILDHOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1. Summary of Significant Accounting Policies

The Virginia Early Childhood Foundation (the “Foundation”) is a non-profit corporation 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. The Foundation is funded primarily from contributions and governmental grants.

A summary of the Foundation’s significant accounting policies follows:

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The only limits on the use of these net assets are the broad limits resulting for the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents, and its application for tax-exempt status.

Net Assets with Donor Restrictions – Net assets subject to donor or certain grantor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents

For purposes of the statements of cash flows, the Foundation includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months as cash and cash equivalents. The Foundation had cash balances in financial institutions that exceeded federal depository insurance limits at June 30, 2023 and 2022.

Grants receivable and contributions receivable

Contributions and grants receivable are recorded as received. Contributions and grants receivable due in the next year are reflected as current contributions and grants receivable and are recorded at their net realizable value. Contributions and grants receivable due in subsequent years are reflected as long-term contributions and grants receivable are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises to give are received to discount the amounts. An allowance for uncollectible contributions and grants receivable is provided based on management’s evaluation of potential uncollectible contributions and grants receivable at year end. No allowance for uncollectible accounts has been provided because management has evaluated the receivables and believes they are fully collectible.

VIRGINIA EARLY CHILDHOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

Property and equipment

Expenditures for the acquisition of property and equipment over \$1,000 are capitalized at cost or, if donated, at fair market value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Maintenance and repairs are charged to expense when incurred.

Revenue recognition

Contributions which include unconditional promises to give are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the donor. Program support grants are recognized as revenue at the time of the award if they are unconditional.

The Foundation reports grants and contributions in the net asset with donor restriction class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released and reclassified to net assets without donor restrictions in the statements of activities.

Revenues from cost reimbursement grants are recognized to the extent allowable expenses are incurred under the respective agreements. Amounts reported as grants and contributions receivable include grant program expenses incurred in advance of the receipt of funds as well as program support grants that have been awarded but not received. Funds received in advance of grant program expenses are reported as deferred revenue.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Income taxes

The Foundation is exempt from Federal income taxes as an organization other than a private foundation under Section 501(c)(3) of the *Internal Revenue Code*. However, income from certain activities not directly related to the Foundation's tax-exempt purpose may be subject to taxation as unrelated business income. The Foundation had no unrelated business income during the years ended June 30, 2023 and 2022. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

VIRGINIA EARLY CHILDHOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

Advertising costs

Advertising costs are expensed as incurred and amounted to \$645 and \$1,739, respectively, for the years ended June 30, 2023 and 2022.

Functional allocation of expenses

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

In-kind contributions/expenses

Donated goods and services are recorded at fair market value at the date of the donation. Donated services are recognized in the financial statements at their fair value if the following criteria are met:

- The services require specialized skills and are provided by individuals possessing those skills, and the services would typically need to be purchased if not donated; or
- The services enhance or create an asset.

Although the Foundation utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under U.S. GAAP.

Adoption of FASB ASC 842

Effective July 1, 2022, the Foundation adopted FASB ASC 842, *leases*. The Foundation determines if an arrangement contains a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other facts and circumstances. The Foundation elected the package of practical expedients permitted under the transition guidance within the standard, which among other things, allowed it to carry forward the historical lease classification. For the lease existing at July 1, 2022, the risk-free rate applied was the Foundation's incremental borrowing rate on the line of credit.

The adoption of FASB ASC 842 resulted in the recognition of an operating right-of-use-asset of \$215,514 and an operating lease liability of \$215,514 as of July 1, 2022. Results for periods beginning prior to July 1, 2022 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Organization's results of operations, cash flows, or debt covenants. See Note 8.

VIRGINIA EARLY CHILDHOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 2. Cash Held for Others

The Commonwealth of Virginia Department of Social Services has contracted with the Foundation to assist in the distribution of funds pursuant to the CARES Act Disbursement Assistance program and with the Virginia Department of Education and the Foundation to assist with distribution of Child Care Stabilization grants funded by the American Rescue Plan Act to support child care providers in Virginia. These agreements are considered an agency relationship and as such any amounts that are not disbursed are reflected as an asset and liability for the Foundation because it is the property of the Commonwealth of Virginia Department of Education.

Note 3. Property and Equipment

Property and equipment at cost, less accumulated depreciation, as of June 30 on the statements of financial position include the following major classifications:

	2023	2022
Equipment	\$ 29,343	\$ 43,967
Leasehold Improvements	17,450	-
	46,793	43,967
Less accumulated depreciation	(10,807)	(26,824)
	\$ 35,986	\$ 17,143

Note 4. Line of Credit

The Foundation has a revolving line of credit with a maximum borrowing amount of \$4,000,000 as of June 30, 2023 and \$3,000,000 as of June 30, 2022. The line of credit is secured by the Foundation's assets. There are no financial covenants required by the lending institution. Interest accrues on the outstanding balance at a rate of 8.75%. The line of credit matures on November 1, 2023. At June 30, 2023 and 2022, the unused portion of the line of credit was \$948,285 and \$954,790, respectively.

Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of June 30:

	2023	2022
Early Childhood Programs, Initiatives, and Technical Assistance	\$ 3,306,858	\$ 2,118,610
	\$ 3,306,858	\$ 2,118,610

VIRGINIA EARLY CHILDHOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 5. Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors and grantors as of June 30 and are as follows:

	2023	2022
Early Childhood Programs, Initiatives, and Technical Assistance	\$ 67,947,898	\$ 40,279,590
	\$ 67,947,898	\$ 40,279,590

Note 6. Functionalized Expenses

The statements of activities report expenses both by natural and functional classification. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program or supporting category when identifiable and possible. General operating costs across nearly all natural categories are allocated based on estimates of time and effort.

Note 7. Liquidity and Availability of Financial Assets

Financial assets, without donor or other restrictions limiting their use, available for general expenditures within one year as of June 30 are as follows:

	2023	2022
Cash and cash equivalents	\$ 6,171,004	\$ 2,239,752
Grants receivable	11,067,019	7,781,402
Contributions receivable	984	2,379
Other receivables	64,430	48,623
Total financial assets	17,303,437	10,072,156
Less donor restricted funds	(3,306,858)	(2,118,610)
Amount available for general expenditures within one year	\$ 13,996,579	\$ 7,953,546

Management and the Board of Directors regularly monitor liquidity needs of the Foundation. Also, to manage liquidity, the Foundation maintains a line of credit of \$4,000,000 with a financial institution that is drawn upon as needed during the year to manage cash flow. See Note 4 for further description of the line of credit.

VIRGINIA EARLY CHILDHOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 8. Lease Commitments

The Foundation leases office space in Richmond, Virginia under a five-year agreement that expires in February 2025.

The components of operating lease expense that is included in “Rent” in the statement of functional expenses for the year ended June 30, 2023 were as follows:

Operating lease cost	\$	77,316
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Weighted average lease term and discount rate as of June 30, 2023 were as follows:

Weighted average remaining lease term – operating		1.75 years
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Weighted average discount interest rate – operating		5.25%
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The maturities of the operating lease liability as of June 30, 2023 were as follows:

		Operating Lease
2024	\$	87,000
2025		59,148
Total lease payments		146,148
Less: Interest		(5,935)
Present value of lease liability	\$	140,213

Operating lease expense under this lease agreement was \$83,217 for the year ended June 30, 2023.

Note 9. Retirement Plan

Employees participate in a tax-deferred annuity plan that is subject to Section 403(b) of the *Internal Revenue Code*. The tax deferred annuity plan was established to allow employees the opportunity to contribute toward their retirement benefits. The Foundation is not required to contribute to this tax-deferred annuity plan. It was established only for employees to make contributions up to the maximum contribution permitted by the *Internal Revenue Code*. Employees also participate in a simplified employee pension plan in which the Foundation contributes 6% of the employee’s total wages. Total retirement expense was \$94,641 and \$65,578, respectively, for the years ended June 30, 2023 and 2022.

Note 10. Economic Dependency

For the years ended June 30, 2023 and 2022, approximately 96% and 96%, respectively, of total revenues and other support came from one and two funding sources, respectively. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Foundation’s programs and activities.

For the years ended June 30, 2023 and 2022, approximately 99% and 98% of total contributions and grants receivable, or \$10,970,358 and \$7,655,500, represents amounts due from two funding sources, respectively.

VIRGINIA EARLY CHILDHOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 11. Subsequent Events

Management has evaluated subsequent events through September 20, 2023, the date which the financial statements were available for issue.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Virginia Early Childhood Foundation
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Virginia Early Childhood Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Virginia Early Childhood Foundation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Virginia Early Childhood Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Virginia Early Childhood Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Virginia Early Childhood Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Colonial Heights, Virginia
September 20, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Virginia Early Childhood Foundation
Richmond, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Virginia Early Childhood Foundation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Virginia Early Childhood Foundation's major federal programs for the year ended June 30, 2023. Virginia Early Childhood Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Virginia Early Childhood Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Virginia Early Childhood Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Virginia Early Childhood Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Virginia Early Childhood Foundation's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Virginia Early Childhood Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Virginia Early Childhood Foundation's compliance requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Virginia Early Childhood Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Virginia Early Childhood Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Virginia Early Childhood Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Colonial Heights, Virginia
September 20, 2023

VIRGINIA EARLY CHILDHOOD FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Health and Human Services:				
Administration for Children and Families/ Virginia Department of Social Services:				
Temporary Assistance to Needy Families (TANF)	93.558	BEN-20-140	\$ 749,831	\$ 1,249,560
Center for Disease Control and Prevention/ The Nemours Foundation				
Healthy Kids Healthy Future Technical Assistance Program	93.421	#5NU380T000304-03-00	4,095	5,345
	93.421	#6NU380T000304-03-01	22,156	28,990
	93.421	#6NU380T000304-04-02	16,157	70,000
CCDF Cluster:				
Administration for Children and Families/ Virginia Department of Education:				
Child Care Development Fund (Discretionary Funds) Virginia Quality Rating and Improvement (QRIS)	93.575	2001VACCDF	-	29,930
	93.575	2202VACCDD	-	122,737
American Rescue Plan Act (ARPA):				
Early Childhood Educator Incentive	93.575	2102VACSC6	-	12,491,250
Early Childcare and Development Block Grant	93.575	DOE88309	3,122,397	4,303,975
ARPA Stabilization Mini-Grants	93.575	DOE88298	1,100,000	1,100,000
Coronavirus Response and Relief Supplemental Act:				
Early Childhood Educator Incentive	93.575	ECED-FY22-00778	-	14,900
Total CCDF Cluster:			4,222,397	18,062,792
Administration for Children and Families/ Virginia Department of Education				
Preschool Development Grant: Birth – Five (PDG) Renewal Year 3	93.434	90TP006703	9,565,499	10,063,798
Preschool Planning Grant	93.434	90TP011101	6,000	67,496
Health Resources and Services Administration Virginia Department of Health				
Maternal and Child Health Services Developmental Screening Initiative	93.994	706AS932852	229,745	262,493
Maternal and Child Health Federal Consolidated Program	93.110	706AS932852	101,045	110,908
Total Department of Health and Human Services			14,916,926	29,921,382
Total Expenditures of Federal Awards			\$ 14,916,926	\$ 29,921,382

VIRGINIA EARLY CHILDHOOD FOUNDATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Virginia Early Childhood Foundation under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Virginia Early Childhood Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Virginia Early Childhood Foundation.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Virginia Early Childhood Foundation has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

VIRGINIA EARLY CHILDHOOD FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2023

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Virginia Early Childhood Foundation were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Virginia Early Childhood Foundation, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Virginia Early Childhood Foundation expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings in accordance with 2 CFR section 200.516(a) relative to major programs.
7. The program tested as a major program includes:
 - 93.575 CCDF Cluster – Administration for Children and Families; American Rescue Plan Act (ARPA) and Coronavirus Response and Relief Supplemental Act
8. The threshold used for distinguishing between Type A and B programs was \$897,641.
9. Virginia Early Childhood Foundation was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

None.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.