

# FY2024 ANNUAL REPORT



## Dear VECF Stakeholders:

We are pleased to report on progress over the past year in delivering on the promise for early childhood success. As the Commonwealth's public-private partner, the Virginia Early Childhood Foundation (VECF) celebrates with many partners the remarkable advances in a best-in-class public-private early childhood care and education (ECCE) system and historic state investments.

In May, VECF applauded the nation-leading childcare investments by the Governor and General Assembly in the FY25-26 biennial budget. With bipartisan commitment, the budget provides more than \$1.1 billion for ECCE services for low-to-moderate income families with young children, including unprecedented state general fund investments of \$366 million in FY25 and \$461 million in FY26.

**Keeping Our Promises:** VECF is proud to have contributed to the collective and persistent effort that has led to the paradigm shift in how Virginia views, values, and invests in child care. The following pages highlight the impact over the past year in three of VECF's main program areas: *Systems Building & Capacity, Partnerships & Innovation, and Policy & Advocacy.*

We efficiently steward public funds to assist the state with problem-solving strategies and on-the-ground connections to achieve our collective mission. And by also harnessing private funding and vision, we leverage the innovations that drive significant return on investment. With general and administrative costs at less than 1% of our annual budget, we intentionally direct resources into communities with adaptive strategies that have bolstered access, quality, and accountability in Virginia's ECCE system.

**Forging Ahead:** Looking forward, we will continue to direct our attention and resources to addressing stubborn challenges in the ECCE system. With all the gains achieved, significant work remains to achieve our vision. We are confident that we and our public and private partners are up to the task of fulfilling the promise of early childhood success for Virginia's families, communities, and long-term prosperity.

Thank you for your valued interest and support of this transformative work. Together, we will continue to make good on our mission-driven commitments and promises.

With gratitude,



Richard Bynum  
Chairman



Kathy Glazer  
President

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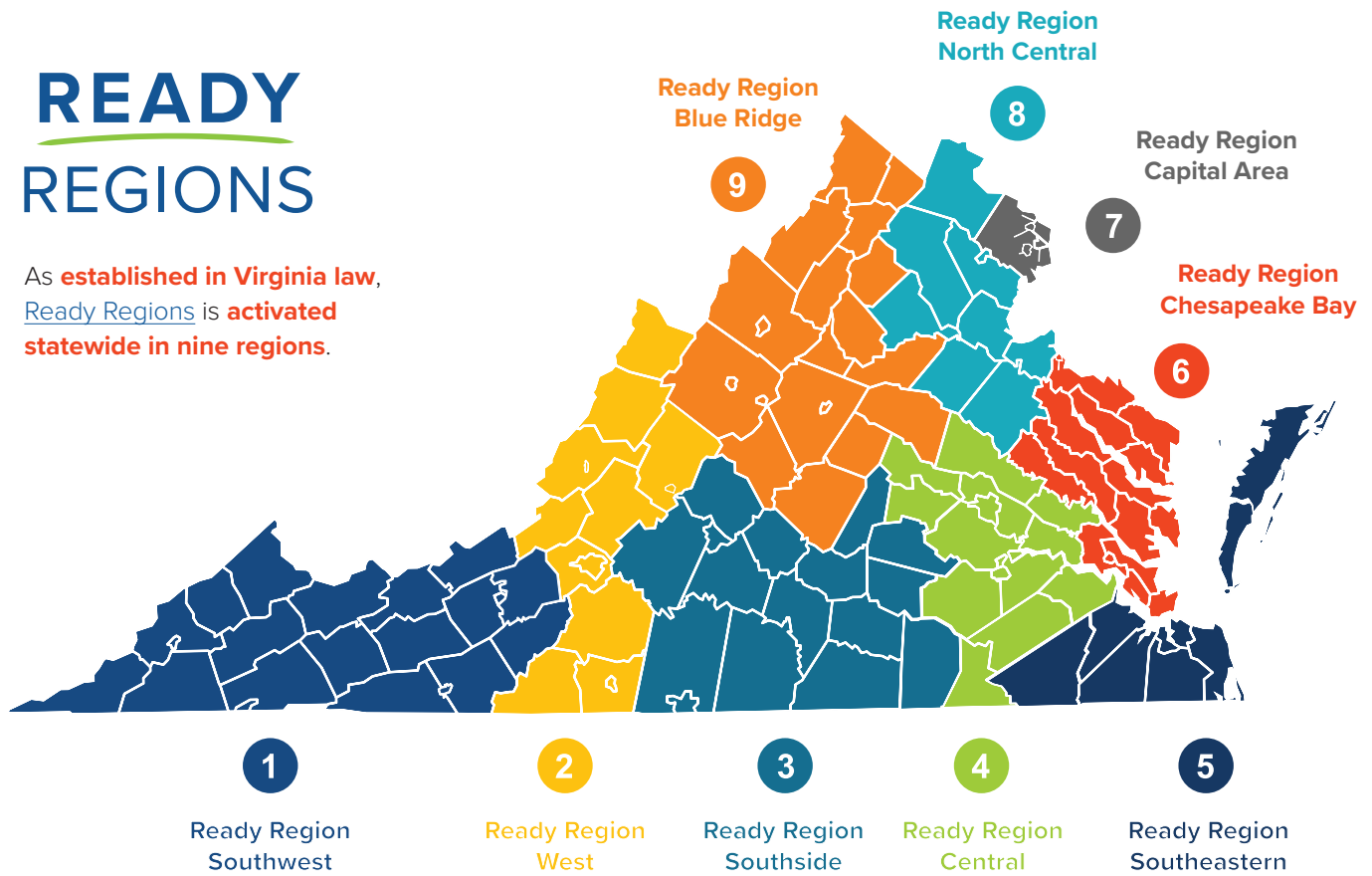
Kathy Glazer

# SYSTEMS BUILDING & CAPACITY:

*Building strong public-private partnerships at the local and regional levels as communities develop innovative solutions to their unique challenges.*

## READY REGIONS

As **established in Virginia law**,  
Ready Regions is **activated**  
statewide in **nine regions**.



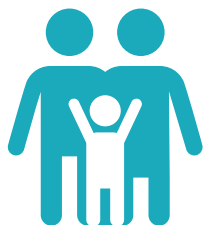
**11,200+**

### Virginia Quality Birth to Five (VQB5)

**30,000**



Through Ready Regions coordination, **11,200+ ECCE classrooms** participated in this program to improve classroom quality; nearly **30,000 CLASS® observations** were conducted to support child/teacher interactions. Most publicly funded centers and family day homes are now documenting application of VDOE-approved curriculum in their classrooms.



### Parent Engagement

**Ready Region Family Councils are engaging parents** who represent the diversity of their region. This strategy ensures that their voices are helping to inform decisions made at state and regional levels **to build a stronger ECCE system** in Virginia that meets families' needs and preferences.

# PARTNERSHIPS & INNOVATION:

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

## Mixed Delivery

This homegrown program is helping to solve gaps by funding child care services at the cost of quality to deliver full-day, year-round services for eligible families with infants, toddlers, and preschoolers.

**2,586 children** attended high-quality public-private preschool – a **20.5% increase over the prior year**. Mixed Delivery services are now being provided in all nine Ready Regions. The number of localities with **Mixed Delivery sites increased 20% in FY24**.



The [Mixed Delivery Evaluation Report](#) documented how the program increased access to ECCE services, particularly for children from low-income families, in FY23. Mixed Delivery site leaders reported that participation made it possible for them to make modest increases in **investments in quality improvements, including teacher compensation, and to retain teaching staff**.

Increases Access

**88% of Mixed Delivery sites increased the number of low-income children served.**

Supports Choice

**88% of Mixed Delivery families reported current ECCE services meet their needs and preferences well.**

Stabilizes Quality

**86% of Mixed Delivery sites were able to increase lead teacher wages.**

## Strengthening & Stabilizing the Child Care Workforce

**Fast Track:** Since its launch, Fast Track has welcomed new talent into the early education workforce by working with child care providers in Ready Regions to **recruit, hire and train new assistant teachers and offer a competitive hourly wage** to strengthen and champion the early educator workforce so families can access the services they need.

**116 new assistant teachers** were recruited, hired, and completed the program's comprehensive training.



**ECCE Business Academy Toolkit:** **Providers participated in trainings** and customized supports designed to help sustain their business and **increase staff compensation and retention**. A toolkit, including a Spanish-language version, is being rolled out statewide to help child care providers improve and modernize their business practices.



- **Nearly half of the state's 138 Mixed Delivery providers participated in trainings** through the ECCE Business Academy.
- **Staff from all nine Ready Regions received trainings on key business supports** so they can continue to support their region's child care providers.

## POLICY & ADVOCACY:

*Activating voices to shape policies and promote investment supporting early childhood success.*



### 2024 Legislative Session Outcomes:

- 30+ ECCE Bills proposed
- 50 Budget Amendments proposed
- \$1.1 Billion invested in ECCE in FY25-26

**\$1.1 Billion+**  
for ECCE services

With bipartisan commitment, the FY25-26 biennial budget provides **more than \$1.1 billion for publicly-funded ECCE services** for low- to moderate-income families with young children, including unprecedented state general fund investments of \$366 million in FY25 and \$461 million in FY26.

**Engaging Stakeholders:** Parents, providers, business, and economic development executives were champions for increased investment and policy improvements.

VECF is proud to have contributed to the collective and persistent effort that has led to the **paradigm shift in how Virginia views, values, and invests in child care.**



### 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)

VBREE is bringing the focus and heft of top business and economic development executives in all nine Ready Regions to **champion increased investment and policy improvements** for Virginia's ECCE system.

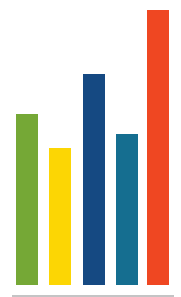


## Accountability

VECF and its partners document and **track data that illuminate gaps in access to ECCE 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 Virginia's families from low- to moderate-income households.

**Ready Region ECCE Access Dashboards:** This statewide resource is **integrating data** from a variety of sources and stakeholders to support Ready Regions and partners to target investments and make **strategic decisions around supply building, coordinated enrollment, and family engagement.**

**Ready Regions Data Strategy and Roadmap:** This statewide work is building the capacity of **all nine Ready Regions to consume, synthesize, and utilize data to inform their actions** to increase the supply of ECCE services and meet family and community demands.



# Financial Information

## STATEMENT OF FINANCIAL POSITION

As of June 30, 2024

### ASSETS

Cash & Cash Equivalents	\$8,868,907
Accounts Receivable	
Grants Receivable	4,596,431
Other Receivables	75,372
Prepaid Expenses	32,982
Other Assets	3,767
Right-of-Use Asset-Operating Lease	56,760

### Property and Equipment

Furniture & Fixtures	\$43,185
Accumulated Depreciation	(17,196)

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**Total Property & Equipment** **25,989**

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**Total Assets** **\$13,660,208**

### LIABILITIES & NET ASSETS

#### Liabilities

Accounts Payable	\$899,459
Refundable Advance	1,170,633
Grants Payable	5,568,075
Accrued Expenses	105,902
Line of Credit	1,816,777
Lease Liability-Operating Lease	58,255

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**Total Liabilities** **9,619,101**

#### Net Assets

Without Donor Restrictions	\$83,449
With Donor Restrictions	3,957,658

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**Total Net Assets** **4,041,107**

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**Total Liabilities & Net Assets** **\$13,660,208**

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

### PUBLIC SUPPORT & REVENUE

#### Public Support

Contributions	
Individual & Board Contributions	\$49,455
Corporations	233,605
Foundations & Organizations	1,035,000

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**Total Public Support** **1,318,060**

#### Revenue

Government Grants	\$104,778,065
Interest Revenue	3,328

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**Total Revenue** **104,781,393**

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**Total Support & Revenue** **\$106,099,453**

### EXPENSES

Program Services	\$105,316,860
Fundraising	57,447
Lobbying	35,310
Management & General	204,303

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**Total Expenses** **105,613,920**

**Change in Net Assets** **485,533**

**Net Assets, Beginning** **3,555,574**

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**Net Assets, Ending** **\$4,041,107**

**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.

# 2024 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, 2023 and June 30, 2024.

## STAKEHOLDERS (\$25M+)

US Administration for Children and Families through the Virginia Department of Education  
- American Rescue Plan Act

## COLLABORATORS (\$1M - \$24,999,999)

Virginia General Assembly through the Virginia Department of Education  
US Administration for Children and Families through the Virginia Department of Education  
- Preschool Development Grant Birth-Five  
US Administration for Children and Families through the Virginia Department of Social Services  
- Temporary Assistance to Needy Families

## INVESTORS (\$100,000 - \$999,999)

Alliance for Early Success  
Community Foundation for a greater Richmond\*\*  
William R. Kenan, Jr. Charitable Trust  
Robins Foundation\*\*  
US Health Resources and Services Administration through the Virginia Department of Health  
- Title V Maternal and Child Health Block Grant

## CAPACITY BUILDERS (\$50,000 TO \$99,999)

Dominion Energy^^  
The Bob and Anna Lou Schaberg Foundation  
HII^^

## INNOVATORS (\$25,000 - \$49,999)

Reginald N. Jones through the Robins Foundation

## QUALITY CHAMPIONS (\$10,000-\$24,999)

Ballad Health^  
Bank of America  
Carillion Clinic^  
Centra Health^  
Danville Regional Foundation\*  
Ben and Betty Davenport  
Hampton Roads Community Foundation\*  
Claude Moore Foundation\*  
PNC Financial Services Corporation  
Peninsula Community Foundation\*  
Red Gates Foundation\*

Sentara Healthcare^  
Virginia Tech^  
John & Janice Wyatt Foundation\*

## CONVENERS (\$5,000 - \$9,999)

Mike and Mary Chinn  
Paul and Tammy Koonce

## PARTNERS (\$2,500 - \$4,999)

Bill and Karie Ermatinger  
Kathryn V. Glazer  
Mary Washington Healthcare  
Wells Fargo

## PATRONS (\$1,000 - \$2,499)

Tom and Nancy Chewning through the Thomas and Nancy J. Chewning Fund of the Community Foundation for a greater Richmond  
Alexis Ehrhardt  
Jason El Koubi  
Mrs. Juanita T. Elmquist  
The Fleetwood Family Fund  
The Haltom Family  
Deborah Jonas  
Stephen and Heather Moret  
The Ross Family Fund  
Successful Innovations  
Gary and Janice Thomson

## BENEFACTORS (\$250 - \$999)

Anonymous  
Bristol Chamber of Commerce^  
Central Virginia Partnership^  
ChamberRVA^  
Fairfax County Economic Development Authority^  
Fredericksburg Regional Alliance at UMW^  
Greater Richmond Partnership^  
Hampton Roads Chamber of Commerce^  
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Lawson Family Foundation of the Hampton Roads Community Foundation  
Lynchburg Regional Business Alliance^  
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Todd Norris  
Maria Perez-Lent  
Roanoke Chamber of Commerce^

Roanoke Regional Partnership^  
Camille & Mike Royster  
Shannon L. Rudisill  
Shenandoah Valley Partnership^  
Southern Virginia Regional Alliance^  
James and Jamelle Wilson  
Terri and Chris Ziegler

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Sharon and Rob Brager  
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Vanessa Di Leo  
The Honorable James Dyke  
Glenn B. DuPaul  
Robin Grossman  
Amy Hatheway  
Nancy Hoites  
Inspiring HR, LLC  
Emily Keenum  
Bridget and Steve King  
Jenna Martin  
Rodney Martin  
Daniel and Laura McGregor  
Network for Good  
Angela Rice  
Vicki Stickle  
Becky Tippet  
Dirk Wooten

## GIFTS IN HONOR

### IN HONOR OF TONYA COOK

Lawson Family Foundation of the Hampton Roads Community Foundation

### IN HONOR OF JOHN FLEETWOOD

The Fleetwood Family

### IN HONOR OF KASEN STICKLE

Rodney Martin

### IN HONOR OF THE TALENTED VECF STAFF TEAM

Kathryn V. Glazer

*\*100% of this donation supports the Virginia Early Childhood Funders Collaborative*

*^100% of this donation supports the Virginia Business Roundtable for Early Education*

*\*\*A portion of this donation supports the Virginia Early Childhood Funders Collaborative*

*^^A portion of this donation supports the Virginia Business Roundtable for Early Education*



# Virginia Early Childhood Foundation

## Financial Report

June 30, 2024



# Virginia Early Childhood Foundation

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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, which comprise the statements of financial position as of June 30, 2024 and 2023, 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 present fairly, in all material respects, the financial position of Virginia Early Childhood Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our 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 18, 2024, on our consideration of Virginia Early Childhood 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 Virginia Early Childhood 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 Virginia Early Childhood Foundation’s internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Colonial Heights, Virginia  
September 18, 2024



# Financial Statements

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# Virginia Early Childhood Foundation

## Statements of Financial Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,868,907	\$ 6,171,004
Cash held for others	-	2,265,513
Grants receivable	4,596,431	11,067,019
Contributions receivable	-	984
Other receivables	75,372	64,430
Prepaid expenses	32,982	105,482
Deposit	3,767	3,767
Property and equipment, net (Note 3)	25,989	35,986
Right-of-use asset - operating lease (Note 8)	56,760	138,198
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 13,660,208</u>	<u>\$ 19,852,383</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 899,459	\$ 1,149,021
Refundable advance	1,170,633	2,511,260
Grants payable	5,568,075	7,104,402
Amounts held for others	-	2,265,513
Accrued expenses	105,902	74,685
Line of credit (Note 4)	1,816,777	3,051,715
Lease liability - operating lease (Note 8)	58,255	140,213
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>9,619,101</u>	<u>16,296,809</u>
 <b>NET ASSETS</b>		
Without donor restrictions	83,449	248,716
With donor restrictions (Note 5)	3,957,658	3,306,858
	<u>                    </u>	<u>                    </u>
Total net assets	<u>4,041,107</u>	<u>3,555,574</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 13,660,208</u>	<u>\$ 19,852,383</u>

# Virginia Early Childhood Foundation

## Statement of Activities

Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Direct public support	\$ 225,060	\$ 1,093,000	\$ 1,318,060
Government grants and contracts	-	104,778,065	104,778,065
Interest income	3,328	-	3,328
Net assets released from restrictions (Note 5)	<u>105,220,265</u>	<u>(105,220,265)</u>	<u>-</u>
Total revenues and other support	<u>105,448,653</u>	<u>650,800</u>	<u>106,099,453</u>
<b>EXPENSES</b>			
Program services	105,316,860	-	105,316,860
Fundraising	57,447	-	57,447
Management and general	<u>239,613</u>	<u>-</u>	<u>239,613</u>
Total expenses	<u>105,613,920</u>	<u>-</u>	<u>105,613,920</u>
Change in net assets	(165,267)	650,800	485,533
<b>NET ASSETS</b>			
Beginning	<u>248,716</u>	<u>3,306,858</u>	<u>3,555,574</u>
Ending	<u>\$ 83,449</u>	<u>\$ 3,957,658</u>	<u>\$ 4,041,107</u>

# Virginia Early Childhood Foundation

## Statement of Activities

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
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)	<u>67,947,898</u>	<u>(67,947,898)</u>	<u>-</u>
Total revenues and other support	<u>68,158,859</u>	<u>1,188,248</u>	<u>69,347,107</u>
<b>EXPENSES</b>			
Program services	68,413,912	-	68,413,912
Fundraising	48,952	-	48,952
Management and general	<u>158,378</u>	<u>-</u>	<u>158,378</u>
Total expenses	<u>68,621,242</u>	<u>-</u>	<u>68,621,242</u>
Change in net assets	(462,383)	1,188,248	725,865
<b>NET ASSETS</b>			
Beginning	<u>711,099</u>	<u>2,118,610</u>	<u>2,829,709</u>
Ending	<u>\$ 248,716</u>	<u>\$ 3,306,858</u>	<u>\$ 3,555,574</u>

# Virginia Early Childhood Foundation

## Statement of Functional Expenses

Year Ended June 30, 2024

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,538,969	\$ 127,358	\$ 43,668	\$ 1,709,995
Payroll taxes	112,171	8,438	3,110	123,719
Employee benefits	219,994	5,130	5,964	231,088
	<hr/>	<hr/>	<hr/>	<hr/>
Total salaries and related expenses	1,871,134	140,926	52,742	2,064,802
Contractual, professional services, and other	4,273,783	20,287	-	4,294,070
Depreciation	9,061	681	255	9,997
Dues and subscriptions	89,426	18,143	-	107,569
Grants to others	98,632,518	-	-	98,632,518
Insurance	7,652	575	216	8,443
Interest expense	51,909	3,910	1,463	57,282
Lobbying	-	35,310	-	35,310
Meetings and events	174,767	996	-	175,763
Professional development	325	3,378	-	3,703
Rent	88,220	6,646	2,487	97,353
Repairs and maintenance	156	12	5	173
Supplies, postage, and other	89,831	6,868	-	96,699
Telephone	9,895	744	279	10,918
Travel	18,183	1,137	-	19,320
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 105,316,860</u>	<u>\$ 239,613</u>	<u>\$ 57,447</u>	<u>\$ 105,613,920</u>



# 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
	<u>1,641,438</u>	<u>99,639</u>	<u>43,476</u>	<u>1,784,553</u>
Total salaries and related expenses				
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
	<u>68,413,912</u>	<u>158,378</u>	<u>48,952</u>	<u>68,621,242</u>
Total expenses				

# Virginia Early Childhood Foundation

## Statements of Cash Flows Years Ended June 30, 2024 and 2023

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 485,533	\$ 725,865
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,997	5,942
Amortization of right-of-use asset - operating lease	81,438	77,316
Changes in operating assets:		
Grants receivable	6,470,588	(3,285,617)
Contributions receivable	984	1,395
Prepaid expenses	72,500	(58,595)
Other receivables	(10,942)	(15,807)
Changes in operating liabilities:		
Accounts payable	(249,562)	703,926
Refundable advance	(1,340,627)	2,511,260
Grants payable	(1,536,327)	2,432,576
Accrued expenses	31,217	(73,428)
Lease liability - operating lease	(81,958)	(75,301)
Net cash provided by operating activities	3,932,841	2,949,532
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(24,785)
Net cash used in investing activities	-	(24,785)
<b>FINANCING ACTIVITIES</b>		
Net advances (payments) on line of credit	(1,234,938)	1,006,505
Net cash provided by (used in) financing activities	(1,234,938)	1,006,505
Net change in cash and cash equivalents	2,697,903	3,931,252
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	6,171,004	2,239,752
Ending	\$ 8,868,907	\$ 6,171,004
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 57,282	\$ 114,617
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
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	\$ -	\$ -

# Virginia Early Childhood Foundation

## Notes to Financial Statements

June 30, 2024

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### Note 1 – Summary of Significant Accounting Policies

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The Virginia Early Childhood Foundation (the “Foundation”) is a nonprofit 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 from 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, 2024 and 2023.

#### *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, 2024

### *Property and Equipment*

Expenditures for the acquisition of property and equipment over \$5,000 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, 2024 and 2023. 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).

### *Advertising Costs*

Advertising costs are expensed as incurred and amounted to \$-0- and \$645, respectively, for the years ended June 30, 2024 and 2023.

# Virginia Early Childhood Foundation

## Notes to Financial Statements

June 30, 2024

### *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.

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### **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.

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### **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:

	<b>2024</b>	<b>2023</b>
Equipment	\$ 25,735	\$ 29,343
Leasehold Improvements	17,450	17,450
	43,185	46,793
Less accumulated depreciation	(17,196)	(10,807)
	<u>\$ 25,989</u>	<u>\$ 35,986</u>

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### **Note 4 – Line of Credit**

The Foundation has a revolving line of credit with a maximum borrowing amount of \$3,000,000 as of June 30, 2024 and \$4,000,000 as of June 30, 2023. 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 9.00%. The line of credit

# Virginia Early Childhood Foundation

## Notes to Financial Statements

June 30, 2024

matures on January 1, 2025. At June 30, 2024 and 2023, the unused portion of the line of credit was \$1,183,223 and \$948,285, 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:

	<b>2024</b>	<b>2023</b>
Early Childhood Programs, Initiatives, and Technical Assistance	\$ 3,957,658	\$ 3,306,858
	<b>\$ 3,957,658</b>	<b>\$ 3,306,858</b>

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:

	<b>2024</b>	<b>2023</b>
Early Childhood Programs, Initiatives, and Technical Assistance	\$ 105,220,265	\$ 67,947,898
	<b>\$ 105,220,265</b>	<b>\$ 67,947,898</b>

### 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:

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 8,868,907	\$ 6,171,004
Grants receivable	4,596,431	11,067,019
Contributions receivable	-	984
Other receivables	75,372	64,430
Total financial assets	13,540,710	17,303,437
Less donor-restricted funds	(3,957,658)	(3,306,858)
Amount available for general expenditures within one year	<b>\$ 9,583,052</b>	<b>\$ 13,996,579</b>

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 \$3,000,000 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, 2024

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### Note 8 – Lease Commitments

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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 are included in “Rent” in the statements of functional expenses for the years ended June 30, 2024 and 2023 were as follows:

Operating lease cost	\$81,438 – Year ended June 30, 2024
Operating lease cost	\$77,316 – Year ended June 30, 2023

Weighted average lease term and discount rate as of June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term – operating	.75 years	1.75 years
Weighted average discount interest rate – operating	5.25%	5.25%

The maturities of the operating lease liability as of June 30, 2024 were as follows:

	<u>Operating Lease</u>
2025	\$ 59,148
Less: Interest	(893)
Present value of lease liability	<u>\$ 58,255</u>

Operating lease expense under this lease agreement was \$97,353 and \$83,217 for the years ended June 30, 2024 and 2023, respectively.

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### Note 9 – Retirement Plan

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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 \$83,703 and \$94,641, respectively, for the years ended June 30, 2024 and 2023.

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### Note 10 – Economic Dependency

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For the years ended June 30, 2024 and 2023, approximately 97% and 96%, respectively, of total revenues and other support came from one funding source. 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, 2024 and 2023, approximately 92% and 99% of total contributions and grants receivable, or \$4,297,634 and \$10,970,358, represents amounts due from one and two funding sources, respectively.

# Virginia Early Childhood Foundation

## Notes to Financial Statements

June 30, 2024

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### Note 11 – Subsequent Events

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Management has evaluated subsequent events through September 18, 2024, 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, 2024, 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 18, 2024.

### **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 Virginia Early Childhood Foundation’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Virginia Early Childhood Foundation’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Colonial Heights, Virginia  
September 18, 2024

## **Independent Auditor’s Report on Compliance for Each Major 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, 2024. 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, 2024.

#### *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, S. L. P.*

CERTIFIED PUBLIC ACCOUNTANTS

Colonial Heights, Virginia  
September 18, 2024

**Virginia Early Childhood Foundation**  
**Schedule of Expenditures of Federal Awards**  
Year Ended June 30, 2024

<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	\$ 748,341	\$ 1,250,000
CCDF Cluster:				
American Rescue Plan Act (ARPA):				
Early Childhood Educator Incentive	93.575	DOE86881	-	31,592,000
Early Childcare and Development Block Grant	93.575	DOE86882	<u>14,183,287</u>	<u>15,532,639</u>
Total CCDF Cluster:			<u>14,183,287</u>	<u>47,124,639</u>
Administration for Children and Families/ Virginia Department of Education:				
Preschool Development Grant: Birth – Five (PDG) Renewal Year 3	93.434	90TP006703	1,390,520	1,390,520
Preschool Planning Grant	93.434	90TP011101	194,984	1,266,853
Health Resources and Services Administration/ Virginia Department of Health:				
Maternal and Child Health Services	93.994	706AS932852	<u>88,139</u>	<u>108,130</u>
Total Department of Health and Human Services			<u>16,605,271</u>	<u>51,140,142</u>
Total Expenditures of Federal Awards			<u>\$ 16,605,271</u>	<u>\$ 51,140,142</u>

(See accompanying Notes to Schedule of Expenditures of Federal Awards)

**Virginia Early Childhood Foundation**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2024**

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**Note 1 – Basis of Presentation**

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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, 2024. 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.

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**Note 2 – Summary of Significant Accounting Policies**

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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.

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**Note 3 – Indirect Cost Rate**

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Virginia Early Childhood Foundation has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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**Note 4 – Outstanding Loan Balances**

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At June 30, 2024, Virginia Early Childhood Foundation had no outstanding loan balances requiring disclosure.

**Virginia Early Childhood Foundation**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

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**Summary of Auditor’s Results**

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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 were 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 were 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 the major programs.
7. The program tested as a major program includes:  
  
93.575 CCDF Cluster –American Rescue Plan Act (ARPA)
8. The threshold used for distinguishing between Type A and B programs was \$1,534,204.
9. Virginia Early Childhood Foundation was determined to be a low-risk auditee.

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**Findings – Financial Statement Audit**

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None.

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**Findings and Questioned Costs – Major Federal Award Programs Audit**

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None.