

Denver Early Childhood Council

Financial Statements and Supplementary Information

For the Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)



Certified Public Accountants

Denver Early Childhood Council

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Denver Early Childhood Council

Opinion

We have audited the accompanying financial statements of Denver Early Childhood Council (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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Denver Early Childhood Council as of June 30, 2024, and the changes in net assets and its cash flows for the year 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. 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 Denver Early Childhood Council 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 Denver Early Childhood Council'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 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, including omissions, 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.



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Independent Auditor's Report

In performing an audit in accordance with generally accepted 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 Denver Early Childhood Council'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 Denver Early Childhood Council'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.

Report on Summarized Comparative Information

We have previously audited Denver Early Childhood Council's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Denver Early Childhood Council's basic financial statements. The accompanying schedule of expenditures of federal awards on page 19 for the year ended June 30, 2024, 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 purpose of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material aspects, in relation to the basic financial statements as a whole.



Certified Public Accountants

Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2024 on our consideration of Denver's Early Childhood Council'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 Denver's Early Childhood Council'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 Denver's Early Childhood Council's internal control over financial reporting and compliance.

Olson, Reyes and Sauerwein, LLC

Centennial, Colorado

November 13, 2024

Denver Early Childhood Council

Statements of Financial Position

June 30, 2024

(With Comparative Totals as of June 30, 2023)

	2024	2023
ASSETS		
Cash	\$ 35,915	\$ 16,491
Contributions and grants receivable	3,500	33,498
Government grants receivable, net of allowance for doubtful accounts of \$0 for 2024 and \$97,420 for 2023	795,387	785,982
Accounts receivable	24,008	-
Prepaid expenses	31,100	7,087
Right-of-use asset	-	36,181
TOTAL ASSETS	\$ 889,910	\$ 879,239
LIABILITIES AND NET ASSETS (DEFICIT)		
Liabilities		
Accounts payable	\$ 896,403	\$ 915,143
Accrued personnel costs	120,918	97,629
Operating lease liability	-	36,181
Total Liabilities	1,017,321	1,048,953
Net Assets (Deficit)		
Without donor restrictions	(130,911)	(395,708)
With donor restrictions	3,500	225,994
Total Net Assets (Deficit)	(127,411)	(169,714)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 889,910	\$ 879,239

See Notes to Financial Statements

Denver Early Childhood Council

Statements of Activities

For the Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024	2023
Support and Revenue				
Contributions and grants	\$ 199,307	\$ 3,500	\$ 202,807	\$ 248,085
Government grants	3,571,922	-	3,571,922	3,032,119
Rocky Mountain Early Childhood Conference	545,975	-	545,975	620,706
Program revenue	54,700	-	54,700	67,002
Interest and other income	3,580	-	3,580	2,422
Net assets released from restrictions	225,994	(225,994)	-	-
Total Support and Revenue	4,601,478	(222,494)	4,378,984	3,970,334
Expenses				
Program Services:				
Quality improvement	2,612,314	-	2,612,314	2,081,096
Systems building	469,251	-	469,251	872,025
Professional development	861,656	-	861,656	834,274
Total Program Services	3,943,221	-	3,943,221	3,787,395
Support Services:				
Management and general	375,345	-	375,345	400,501
Fundraising	18,115	-	18,115	1,976
Total Support Services	393,460	-	393,460	402,477
Total Expenses	4,336,681	-	4,336,681	4,189,872
Change in Net Assets	264,797	(222,494)	42,303	(219,538)
Net Assets (Deficit) - Beginning of Year	(395,708)	225,994	(169,714)	49,824
NET ASSETS (DEFICIT) - END OF YEAR	\$ (130,911)	\$ 3,500	\$ (127,411)	\$ (169,714)

See Notes to Financial Statements

Denver Early Childhood Council

Statements of Functional Expenses

For the Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

	Program Services				Supporting Services			Total 2024	Total 2023
	Quality Improvement	Systems Building	Professional Development	Total Program Services	General and Management	Fund- Raising			
Salaries and wages	\$ 955,900	\$ 272,837	\$ 28,775	\$ 1,257,512	\$ 206,574	\$ 8,658	\$ 1,472,744	\$ 1,660,060	
Payroll taxes and benefits	188,203	47,205	82,044	317,452	40,182	717	358,351	333,586	
Total Personnel Expenses	1,144,103	320,041	110,819	1,574,963	246,757	9,375	1,831,095	1,993,646	
Direct program expenses									
Qualified quality improvement	1,218,905	56,246	173	1,275,324	-	-	1,275,324	572,834	
Rocky Mountain Early Childhood Conference	-	-	490,743	490,743	-	-	490,743	572,010	
Workforce development	109,629	-	2,187	111,816	-	-	111,816	123,130	
Technology	12,384	-	75,585	87,969	1,079	-	89,048	80,833	
Training	12,717	-	71,713	84,430	-	-	84,430	102,674	
Other direct program expenses	24,463	7,299	4,631	36,393	927	8,406	45,726	29,420	
Contract services	52,172	69,220	65,204	186,596	87,358	-	273,954	575,339	
Other personnel costs	28,183	2,270	11,521	41,975	663	-	42,638	24,389	
Information technology	-	-	10,498	10,498	15,744	47	26,289	25,050	
Miscellaneous	-	11,992	618	12,610	3,780	139	16,529	3,259	
Insurance	-	-	2,087	2,087	14,027	-	16,114	14,289	
Rent	9,676	1,738	3,191	14,605	-	-	14,605	45,263	
Printing and postage	82	-	12,651	12,733	1,647	44	14,424	12,390	
Office expenses	-	445	35	480	3,364	103	3,946	15,346	
TOTAL EXPENSES	\$ 2,612,314	\$ 469,251	\$ 861,656	\$ 3,943,221	\$ 375,345	\$ 18,115	\$ 4,336,681	\$ 4,189,872	

Denver Early Childhood Council

Statements of Cash Flows

For the Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 42,303	\$ (219,538)
Adjustment to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities		
Noncash lease expense	36,181	57,163
Change in allowance for doubtful accounts	(97,420)	-
Change in Operating Assets and Liabilities		
(Increase) Decrease in:		
Contributions and grants receivable	29,998	(16,498)
Government grants receivable	88,015	634,823
Accounts receivable	(24,008)	-
Prepaid expenses	(24,013)	(848)
Increase (Decrease) in:		
Accounts payable	(18,740)	(575,700)
Accrued personnel costs	23,289	(3,838)
Operating lease liability	(36,181)	(57,163)
Net Cash Flows from Operating Activities	19,424	(181,599)
Net Increase (Decrease) in Cash	19,424	(181,599)
Cash - Beginning of Year	16,491	198,090
CASH - END OF YEAR	\$ 35,915	\$ 16,491

See Notes to Financial Statements

Denver Early Childhood Council

Notes to the Financial Statements

Note 1 - Significant Accounting Policies

Nature of the Organization

Denver Early Childhood Council (the "Council") is a non-profit, tax-exempt organization whose vision is that Denver is a community where the diverse needs of all young children and their families are supported. The Council elevates the early childhood field through innovative and inclusive leadership, services, and solutions. The Council's goal is to see that every young child across Denver has access to quality child care, early learning, social-emotional supports, and health services that help them enter school ready to succeed. The Council does this by helping caregivers, teachers, and others provide the highest quality services possible.

Basis of Presentation

The financial statements of the Council are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Classification of Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Council, 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 restrictions.

Net assets with donor restrictions: Net assets subject to donor or certain grantor imposed restrictions. 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 explicit 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, or when the stipulated purpose for which the resource was restricted has been fulfilled.

Income Taxes

The Council is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from activities not directly related to the Council's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Council qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Denver Early Childhood Council

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Income Taxes (continued)

The Council applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain, therefore, no amounts have been recognized as of June 30, 2024 and 2023.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from the estimates.

Fair Value of Financial Instruments

The Council's financial instruments include cash, receivables, and accounts payable. The fair values of these financial instruments approximate their carrying amounts based on current market indicators, such as prevailing interest rates and their nearness to maturity.

Contributions and Grants Receivable

Contributions and grants receivable are recognized as revenue in the period awarded and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Contributions and grants receivable are recognized at the net realizable value if expected to be collected within one year, and at fair value if expected to be collected in greater than one year. At June 30, 2024 and 2023, contributions and grants receivable are due within one year and have been determined to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Conditional contributions receivable are recognized when the conditions on which they depend are substantially met.

Government Grants Receivable

Government grants receivable consist of amounts due under agreements with Federal and State agencies reduced by the estimated portion that is expected to be uncollectible. The Council uses the allowance method to record uncollectible government grants receivable. The allowance is based on prior years' experience and management's analysis of specific amounts. At June 30, 2024 and 2023, the Council recorded an allowance for uncollectible accounts of \$0 and \$97,420, respectively.

Denver Early Childhood Council

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivables are recorded when services are provided. The carrying value of accounts receivable is recorded net of an allowance for credit losses. Credit losses are estimated based on management's evaluation of historical losses, current conditions of individual accounts and reasonable and supportable forecasts. The Council uses a pooled approach to estimate credit losses for financial assets with similar characteristics. Generally, the Council pools its receivables based on the aging category of the receivable. For the years ended June 30, 2024 and 2023, no allowance for credit losses was necessary.

Revenue Recognition

Contribution Revenue

Contributions are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when awarded.

Unconditional or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Denver Early Childhood Council

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Revenue Recognition (continued)

Grant Awards that are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards that are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control over the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Functional Expense Allocation

The Statements of Functional Expenses report certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include, salaries, payroll taxes and benefits, advertising, insurance, office expenses, and rent which are allocated on the basis of estimated time and effort.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments. The amendments of this update require that financial assets measured at amortized cost, including trade receivables, be recorded at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount.

The Council adopted this standard effective July 1, 2023 using the modified-retrospective approach, which requires a cumulative-effect adjustment through net assets at the time of adoption. No cumulative-effect adjustment was made to net assets as the impact of the adoption of this update was determined to be immaterial to the Council's financial statements.

Subsequent Events

In preparing its financial statements, the Council has evaluated subsequent events through November 13, 2024, which is the date the financial statements were available to be issued. Management of the Council has not identified any material subsequent events that require reporting or disclosure.

Denver Early Childhood Council

Notes to the Financial Statements

Note 2 - Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statements of Financial Position date, comprise the following as of June 30, 2024 and 2023:

	2024	2023
Cash	\$ 35,915	\$ 16,491
Contributions and grants receivable	3,500	33,498
Government grants receivable	795,387	785,982
Accounts receivable	24,008	-
Total Financial Assets	858,810	835,971
Less:		
Restricted balances included in cash	3,500	225,994
Total Financial Assets Available for General Expenditure	\$ 855,310	\$ 609,977

The Council does not have a formal liquidity policy. The Council invests its financial assets in a manner consistent with the concept of prudent money management seeking maximum returns with reasonable levels of risk.

Note 3 - Concentration of Credit Risk and Revenue

Since the Council periodically places cash in individual financial institutions in excess of FDIC insured limits, the Council periodically reviews the financial condition of the financial institutions to reduce the Council's credit risk associated with cash. Additionally, the Council places its cash with high credit quality financial institutions.

Credit risk associated with contributions and grants receivable is limited due to the number and creditworthiness of the entities from which the amounts are due. The Council receives virtually all its revenue from public support and government contracts. A significant reduction in the level of support, if this were to occur, may have an adverse effect on the Council's programs and activities.

At June 30, 2024, 83% of receivables were due from one grantor. At June 30, 2023, 80% of receivables were due from two grantors.

For the year ended June 30, 2024, 75% of revenue was received from one grantor. For the year ended June 30, 2023, 85% of revenue was received from two grantors.

Denver Early Childhood Council

Notes to the Financial Statements

Note 4 - Conditional Grants

At June 30, 2024 and 2023: the Council was awarded \$539,153 and \$298,273, respectively of conditional government and private grants for which revenue had been recognized because the grant conditions had not been met. The Council anticipates expending all funds within the terms of the multi-year grants.

Employee Retention Tax Credits

In December 2023, the Council applied for \$453,803 of tax credits under the employee Retention Credit program established as a result of legislation passed to assist businesses impacted by the coronavirus pandemic. The Council considers the credits a conditional grant under not-for-profit accounting standards. Although management believes the Council meets the criteria to receive the credits, no amounts have been recorded in the financial statements as the Council's position is that the conditions have not been met until the applications have been approved by the IRS.

Note 5 - Operating Lease Commitments

In July 2021, the Council entered into an amended lease agreement for office space. The lease agreement required monthly lease payments which escalate annually from \$3,644 to \$4,804 over the life of the lease and was set to mature on June 30, 2026.

In May 2023, the Council entered into an agreement with the landlord to early terminate its lease effective October 2023. At June 30, 2023, the Council recorded a right-of-use asset of \$36,181 and a lease liability of \$36,181 relating to this lease. No right-of-use asset or lease liability were recorded at June 30, 2024. Rent expense for the office for the years ended June 30, 2024 and 2023, was \$14,605 and \$45,263, respectively, and consisted of operating lease costs.

Note 6 - Net Assets with Donor Restrictions

As of June 30, 2024 and 2023, net assets with donor restrictions are restricted for the following purposes:

	2024	2023
Subject to the passage of time	\$ 3,500	\$ 33,498
SNS - Strengthening the Nonprofit Sector Initiative	-	7,974
ecConnect System	-	56,250
Systems Infrastructure and Workforce Development	-	128,272
Total Net Assets with Donor Restrictions	\$ 3,500	\$ 225,994

For the years ended June 30, 2024 and 2023, \$225,994 and \$49,910, respectively, of net assets were released from restrictions due to the Council satisfying the time restrictions or incurring expenses that satisfied the purpose specified by the donor.

Denver Early Childhood Council

Notes to the Financial Statements

Note 7 - Conference Fees

The Council organizes and hosts the Rocky Mountain Early Childhood Conference (RMECC), a recurring annual conference for early childhood professionals. The below table summarizes the net event revenue for the years ending June 30, 2024 and 2023:

	2024	2023
Event revenue	\$ 545,975	\$ 620,707
Event expenses	490,743	572,010
	\$ 55,232	\$ 48,697

Note 8 - Retirement Plan

The Council sponsors a Simple IRA deferred compensation plan. The Council matches up to 2% of participating employees' eligible contributions. For the years ended June 30, 2024 and 2023, the Council contributed \$32,946 and \$31,499, respectively.

Note 9 - Reclassifications

Certain prior year amounts were reclassified to conform to the current year presentation.

Supplementary Information



Certified Public Accountants

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*

To the Board of Directors of
Denver Early Childhood Council
Denver, CO

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Denver Early Childhood Council (the “Council”) 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 November 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (“internal control”) to determine 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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Council'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Council's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Certified Public Accountants

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Olson, Reyes & Sauerwein, LLC
Centennial, Colorado
November 13, 2024



Certified Public Accountants

Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance

To the Board of Directors
Denver Early Childhood Council
Denver, CO

Report on Compliance Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Denver Early Childhood Council’s (the “Council”) 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 the Council’s major federal programs for the year ended June 30, 2024. The Council’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, the Council 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 the Council 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 the Council’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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



Certified Public Accountants

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council'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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with the 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council'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 the Council'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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

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



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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.

Olson, Reyes & Sauerwein, LLC

Centennial, Colorado

November 13, 2024

Denver Early Childhood Council

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Health and Human Services				
Pass Through - State of Colorado, Department of Early Childhood				
CCDF Cluster				
Colorado Shines Quality Initiatives**	93.575	24 QAAA 182928	\$ 1,578,138	\$ -
EcConnect Data System**	93.575	24 QAAA 182903	182,336	
Expanding Quality for Infants and Toddlers**	93.575	24 QAAA 182928	32,514	
Small Business Development Coaching**	93.575	24 QAAA 182928	775	
Pass Through - Early Milestones Colorado				
CIRCLE - Pre-licensing**	93.575	O-2314	10,000	
Total U.S. Department of Health and Human Services and Total CCDF Cluster			1,803,763	-
U.S. Department of Treasury				
State of Colorado, Department of Early Childhood				
COVID-19 Emerging and Expanding Child Care Grant**	21.027	23 QAAA 178849	831,829	
Total U.S. Department of Treasury			831,829	-
Total Expenditures of Federal Awards			\$ 2,635,592	\$ -

** Major program

Denver Early Childhood Council

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Note 1 – Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards (the “Schedules”) include the federal grant activity of Denver Early Childhood Council (the “Council”) under the programs of the federal government for the year ended June 30, 2024. The information in the Schedules 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 Schedules present only a selected portion of the operations of the Council, they are not intended to, and do not, present the financial position, changes in net position, or cash flows of the Council.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles obtained in OMB Circular A-21, Cost Principles for Educational Institutions, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown in the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The Council has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Denver Early Childhood Council

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Internal control over financial reporting

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issues on compliance for major programs: Unmodified

Any audit findings disclosed that are requires to be reported in accordance with section 2 CFR 200.516(a) _____ yes X no

Identification of Major Programs

Federal Assistance Listing Number

Name of Federal Program or Cluster

93.575

Child Care and Development Cluster

21.027

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? _____ yes x no

Denver Early Childhood Council
Schedule of Findings and Questioned Costs (continued)
June 30, 2024

Section II – Financial Statement Findings

None.

Section III – Major Federal Findings, Questioned Costs and Recommendations

None.

Section IV – Prior Year Audit Findings

None.