



EARLY LEARNING VENTURES

**Consolidated Financial Statements
and
Independent Auditors' Report
December 31, 2017 and 2016**

NOT TO BE RELIED UPON — SUBJECT TO MATERIAL CHANGE

EARLY LEARNING VENTURES

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NOT TO BE RELIED UPON - SUBJECT TO MATERIAL CHANGE

INDEPENDENT AUDITORS' REPORT

To the Governance Council
Early Learning Ventures
Englewood, Colorado

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Early Learning Ventures, which are comprised of the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Early Learning Ventures as of December 31, 2017 and 2016, 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.

OTHER MATTERS

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 respects, in relation to the consolidated 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 August 15, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

EKS&H LLLP

Denver, Colorado
August 15, 2018

EARLY LEARNING VENTURES

Consolidated Statements of Financial Position

	December 31,	
	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 460,131	\$ 526,276
Restricted cash	98,074	406,390
Accounts receivable	9,582	-
Grants receivable	313,669	418,434
Due from related parties	4,251	-
Prepaid expenses and other assets	-	280,845
Total current assets	885,707	1,631,945
Total assets	\$ 885,707	\$ 1,631,945
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 237,794	\$ 195,672
Accrued expenses	116,823	141,313
Due to related parties	28,324	15,994
Deferred revenues	-	2,520
Total current liabilities	382,941	355,499
Total liabilities	382,941	355,499
Contingencies		
Net assets		
Unrestricted	404,692	870,056
Temporarily restricted	98,074	406,390
Total net assets	502,766	1,276,446
Total liabilities and net assets	\$ 885,707	\$ 1,631,945

See notes to consolidated financial statements.

EARLY LEARNING VENTURES

Consolidated Statements of Activities

	For the Years Ended					
	December 31, 2017			December 31, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues						
Federal grant revenue	\$ 3,130,158	\$ -	\$ 3,130,158	\$ 4,639,110	\$ -	\$ 4,639,110
Non-federal grant and contract revenue	755,689	100,000	855,689	842,622	250,000	1,092,622
Membership revenue, net of scholarships of \$86,683 (2017) and \$125,898 (2016)	80,837	-	80,837	94,558	-	94,558
Contributions	10,911	-	10,911	50,073	-	50,073
Other revenue	144,925	-	144,925	40,979	-	40,979
	<u>4,122,520</u>	<u>100,000</u>	<u>4,222,520</u>	<u>5,667,342</u>	<u>250,000</u>	<u>5,917,342</u>
Net assets released from restrictions	408,316	(408,316)	-	173,085	(173,085)	-
Total revenues	<u>4,530,836</u>	<u>(308,316)</u>	<u>4,222,520</u>	<u>5,840,427</u>	<u>76,915</u>	<u>5,917,342</u>
Expenses						
Grants	2,036,141	-	2,036,141	1,858,967	-	1,858,967
Salaries	1,418,437	-	1,418,437	1,377,587	-	1,377,587
Professional services	725,968	-	725,968	755,486	-	755,486
Technology	270,936	-	270,936	389,124	-	389,124
Supplies	259,370	-	259,370	447,564	-	447,564
Travel	105,558	-	105,558	123,809	-	123,809
Seminars/training	44,536	-	44,536	184,431	-	184,431
Other	42,157	-	42,157	35,158	-	35,158
Marketing	41,541	-	41,541	38,950	-	38,950
Telephone	18,228	-	18,228	14,557	-	14,557
Meetings	16,314	-	16,314	36,766	-	36,766
Office expenses	14,019	-	14,019	15,118	-	15,118
Dues and subscriptions	2,223	-	2,223	3,102	-	3,102
Education	772	-	772	68,510	-	68,510
Contract services	-	-	-	5,523	-	5,523
Total expenses	<u>4,996,200</u>	<u>-</u>	<u>4,996,200</u>	<u>5,354,652</u>	<u>-</u>	<u>5,354,652</u>
Change in net assets	(465,364)	(308,316)	(773,680)	485,775	76,915	562,690
Net assets at beginning of year	<u>870,056</u>	<u>406,390</u>	<u>1,276,446</u>	<u>384,281</u>	<u>329,475</u>	<u>713,756</u>
Net assets at end of year	<u>\$ 404,692</u>	<u>\$ 98,074</u>	<u>\$ 502,766</u>	<u>\$ 870,056</u>	<u>\$ 406,390</u>	<u>\$ 1,276,446</u>

See notes to consolidated financial statements.

EARLY LEARNING VENTURES

Consolidated Statements of Cash Flows

	For the Years Ended	
	December 31,	
	2017	2016
Cash flows from operating activities		
Change in net assets	\$ (773,680)	\$ 562,690
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Changes in assets and liabilities		
Accounts receivable	(9,582)	-
Grants receivable	104,765	310,423
Other assets	280,845	(206,937)
Accounts payable	42,122	(388,739)
Accrued expenses	(24,490)	71,274
Deferred revenues	(2,520)	(34,593)
	391,140	(248,572)
Net cash (used in) provided by operating activities	(382,540)	314,118
Cash flows from financing activities		
Advances from/to related parties	8,079	(17,961)
Net cash provided by (used in) financing activities	8,079	(17,961)
Net (decrease) increase in cash and cash equivalents	(374,461)	296,157
Cash, cash equivalents, and restricted cash at beginning of year	932,666	636,509
Cash, cash equivalents, and restricted cash at end of year	\$ 558,205	\$ 932,666
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated statements of financial position		
Cash and cash equivalents	\$ 460,131	\$ 526,276
Restricted cash	98,074	406,390
	\$ 558,205	\$ 932,666

See notes to consolidated financial statements.

EARLY LEARNING VENTURES

Notes to Consolidated Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Early Learning Ventures (the "Organization"), a non-profit corporation, was incorporated in the state of Colorado on January 14, 2009 and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Organization is dedicated to expanding access to quality, affordable child care and focuses its efforts on improving the quality of early child care programs offered at the nation's center- and home-based child care facilities.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Early Learning Ventures and ELV Colorado Alliance, LLC. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted amounts are those currently available at the discretion of the Board of Directors for use in the Organization's operations and those resources invested in property and equipment.

Temporarily restricted amounts are assets restricted by donors specifically for certain time periods, purposes, or programs.

Permanently restricted amounts are assets that must be maintained permanently by the Organization as required by the donor, but the Organization is permitted to use or expend part or all of any income derived from those assets. The Organization did not have any permanently restricted net assets at December 31, 2017 and 2016.

EARLY LEARNING VENTURES

Notes to Consolidated Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendment reduces the classes of net assets to net assets with donor restrictions and net assets without donor restrictions; removes the reconciliation of cash flows to the indirect method if using the direct method; requires the reporting of investment returns, net of expenses, with no disclosure of netted expenses required; requires the use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations of restrictions on cash or other asset donations; and requires disclosure of expenses by both their natural and functional classification on the face of the statement of activities, as a separate statement, or in the notes to the financial statements. In addition, the amendment provides enhanced disclosures on amounts and purposes of board designations and appropriations, composition of net assets with donor restrictions, discussion of liquidity for the year following year-end, discussion of liquidity of financial assets at year-end, methodology used to allocate costs between program and support functions, and underwater endowment funds. The amendment is effective for the Organization for the year ending December 31, 2018. Entities should apply the amendment in this update retrospectively to all periods presented.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. ASU No. 2014-09 is effective for the Organization for the year ending December 31, 2019.

The Organization is currently evaluating the impact of the pending adoption of the new standards on the consolidated financial statements.

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Notes to Consolidated Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. Periodically throughout the year, and at December 31, 2017, the Organization maintained balances in financial institutions in excess of FDIC-insured limits.

Restricted Cash

Restricted cash consists of private grant revenue received in advance of expenditures, which is also reflected in temporarily restricted net assets.

Accounts and Grants Receivable

Accounts and grants receivable consist primarily of amounts due under grant agreements and other miscellaneous receivables. The provision for uncollectible accounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical collections that are tracked by the Organization on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. Management has reviewed accounts and grants receivable as of December 31, 2017 and 2016 and has determined that an allowance is not necessary.

Revenue

Revenue from government grants and contracts is recognized in the period in which the related services are rendered and expenses are incurred. Membership revenue is recognized over the annual term of the membership. Deferred revenue represents membership revenue received in advance of the term of the membership.

Contributions

The Organization records contributions as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized when cash is unconditionally promised to the Organization.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported on the consolidated statements of activities as net assets released from restrictions. When a temporary restriction is satisfied in the same time period the contribution is received, the revenue is reported as unrestricted.

EARLY LEARNING VENTURES

Notes to Consolidated Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Code. The Organization 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 December 31, 2017 and 2016.

If incurred, interest and penalties associated with tax positions are recorded in the period assessed as other expenses. No interest or penalties have been assessed as of December 31, 2017 and 2016.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated all subsequent events through the auditors' report date, which is the date the consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in the consolidated financial statements.

Note 2 - Temporarily Restricted Net Assets

The temporarily restricted net assets represent the net proceeds of grants, which have been restricted by the donors to be used only for the following purpose:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Operations - time restricted	\$ -	\$ 250,000
Healthy Options for Preschoolers	<u>98,074</u>	<u>156,390</u>
	<u>\$ 98,074</u>	<u>\$ 406,390</u>

EARLY LEARNING VENTURES

Notes to Consolidated Financial Statements

Note 3 - Functional Expenses

The Organization provides support and services to various child care providers throughout Colorado. Certain costs have been allocated among the appropriate programs and supporting services. Expenses related to providing these services are as follows:

	December 31,	
	2017	2016
Program service	\$ 4,648,207	\$ 4,676,140
Management and general	306,452	639,562
Fundraising	41,541	38,950
	<u>\$ 4,996,200</u>	<u>\$ 5,354,652</u>

Note 4 - Related Parties

The Organization is affiliated with Consolidated Investment Group, Inc. and Merage Social Impact (the "Companies"), which provide certain management and administrative services to the Organization. In addition, the Companies provide personnel, office space, and facilities to the Organization free of charge. As of December 31, 2017 and 2016, the Organization owed the Companies \$28,324 and \$15,994, respectively, resulting from fees and expenses paid by the Companies on the Organization's behalf. Additionally, the Organization paid the Companies in advance to pre-fund payroll in the amount of \$280,845 as of December 31, 2016, which has been recorded in prepaid expenses and other assets on the consolidated statements of financial position. This pre-funding had no balance as of December 31, 2017. As of December 31, 2017, the Organization was owed \$4,251 from other various affiliated companies for services rendered.

Note 5 - Contingencies

The Organization receives revenues from contracts with governmental agencies. The disbursement of funds received under these contracts generally requires compliance with terms and conditions specified in the contracts and is subject to audit by the contracting agencies. The amount of charges to these contracts that may be disallowed, if any, by such audits cannot presently be determined, and no provision for any liability that may result has been made in the consolidated financial statements. However, management believes the Organization is in compliance with its grant requirements, and no liability has arisen in the past or is currently expected.

NOT TO BE RELIED UPON — SUBJECT TO MATERIAL CHANGE

ACCOMPANYING INFORMATION

**INDEPENDENT AUDITORS' 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 Governance Council
Early Learning Ventures
Englewood, Colorado

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 consolidated financial statements of Early Learning Ventures (the "Organization"), which are comprised of the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 15, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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.

To the Governance Council
Early Learning Ventures

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

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

EKS&H LLLP

Denver, Colorado
August 15, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE**

To the Governance Council
Early Learning Ventures
Englewood, Colorado

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Early Learning Ventures' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2017. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

To the Governance Council
Early Learning Ventures

Opinion on Each Major Federal Award

In our opinion, the Organization 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 December 31, 2017.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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, non-compliance 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 combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material non-compliance 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

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.

EKS&H LLLP

Denver, Colorado
August 15, 2018

EARLY LEARNING VENTURES

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

Section I - Summary of Auditors' Results

Consolidated Financial Statements

Type of auditors' report issued - *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes None reported

Non-compliance material to consolidated financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes None reported

Type of auditors' report issued on compliance for major programs - *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Part 200 of Uniform Administrative Requirements? Yes No

Identification of major programs:

Name of Program	CFDA#
Early Head Start - Child Care Partnership	93.600

Dollar threshold used to distinguish between type A and B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

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**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017**

Federal Grantor/ Pass-Through Grantor	Program Title	Federal Number	Contract Number	Contract Period		Expenditures Incurred/ Revenue Recognized For the Year Ended December 31, 2017
				Beginning	Ending	
U.S. Department of Health and Human Services	Early Head Start - Child Care Partnership	93.600	08HP0009-01/ 08HP0009-02	February 1, 2015	July 31, 2019	\$ <u>3,130,158</u>
Total expenditures of federal awards						\$ <u><u>3,130,158</u></u>

NOT TO BE RELIED UPON — SUBJECT TO MATERIAL CHANGE

EARLY LEARNING VENTURES

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017**

Note 1 - Method of Accounting

The supplemental schedule of expenditures of federal awards has been prepared on an accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

Note 2 - Indirect Cost Rate

The Organization elected to use the 10% de minimis indirect cost rate and has requested reimbursement for indirect costs at this rate.

NOT TO BE RELIED UPON — SUBJECT TO MATERIAL CHANGE