DENVER EARLY CHILDHOOD COUNCIL

Financial Statements

June 30, 2018

(Together with Independent Auditors' Report)

DENVER'S EARLY CHILDHOOD COUNCIL

WIPFLi LLP
CPAs and Consultants

Denver Early Childhood Council
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WIPFLi LLP

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Denver Early Childhood Council ("the Council"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Denver Early Childhood Council as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States.

Report on Summarized Comparative Information

Denver Early Childhood Council's 2017 financial statements were audited by Bauerle and Company, P.C., who merged with Wipfli LLP as of February 1, 2018, and whose report dated November 2, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wipfli LLP

Wipfli LLP
Denver, Colorado

November 20, 2018

DENVER EARLY CHILDHOOD COUNCIL

Statements of Financial Position
June 30, 2018
(With Comparative Totals for June 30, 2017)

ASSETS

	2018	2017
Current Assets		
Cash and cash equivalents	$ 789,067	$ 402,279
Government grants receivable	497,150	1,070,880
Contributions receivable	92,000	200,000
Other receivables	33,745	10,290
Prepaid expenses and other	64,581	57,146
Total Current Assets	1,476,543	1,740,595
Other Assets		
Deposits	2,350	2,350
Total Assets	$ 1,478,893	$ 1,742,945

LIABILITIES AND NET ASSETS

	2018	2017
Current Liabilities		
Accounts and subcontractors payable	$ 306,278	$ 844,277
Accrued payroll liabilities	92,802	70,195
Deferred revenue	155,300	56,186
Total Liabilities	554,380	970,658
Net Assets		
Unrestricted	360,768	336,773
Temporarily restricted	563,745	435,514
Total Net Assets	924,513	772,287
Total Liabilities and Net Assets	$ 1,478,893	$ 1,742,945

The accompanying notes are an integral part of the financial statements.

DENVER EARLY CHILDHOOD COUNCIL

Statements of Activities
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Year Ended June 30, 2018			
	Unrestricted	Temporarily Restricted	Total 2018	Total 2017
Support and Revenue				
Government grants	$ 2,198,759	$ -	$ 2,198,759	$ 3,332,902
Foundation grants	348,397	717,000	1,065,397	870,500
Other contributions	22,007	-	22,007	16,954
Program service fees	208,978	-	208,978	54,741
Other income	1,190	-	1,190	6,927
Reimbursements	2,970	-	2,970	38,674
Rocky Mountain Early Childhood Conference revenues, net of direct expenses of $503,326	48,033	-	48,033	-
Net assets released from restrictions	588,769	(588,769)	-	-
Total Support and Revenue	3,419,103	128,231	3,547,334	4,320,698
Expenses				
Program Services:				
Quality improvement	1,684,524	-	1,684,524	2,165,574
Systems building	1,064,848	-	1,064,848	1,059,032
Professional development	270,285	-	270,285	338,756
Total Program Services	3,019,657	-	3,019,657	3,563,362
Supporting Services:				
Management and general	330,031	-	330,031	315,766
Fundraising	45,420	-	45,420	24,981
Total Supporting Services	375,451	-	375,451	340,747
Total Expenses	3,395,108	-	3,395,108	3,904,109
Change in Net Assets	23,995	128,231	152,226	416,589
NET ASSETS, Beginning of Year	336,773	435,514	772,287	355,698
NET ASSETS, End of Year	$ 360,768	$ 563,745	$ 924,513	$ 772,287

The accompanying notes are an integral part of the financial statements.

DENVER EARLY CHILDHOOD COUNCIL

Statements of Functional Expenses
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Program Services				Supporting Services			Total Year Ended June 30, 2018	Total Year Ended June 30, 2017
	Quality Improvement	Systems Building	Professional Development	Total	Management and General	Fund-Raising	Total		
Salaries and benefits:									
Salaries	$ 578,674	$ 467,417	$ 84,124	$ 1,130,215	$ 142,800	$ 38,149	$ 180,949	$ 1,311,164	$ 1,175,920
Employee benefits	95,150	57,808	15,540	168,498	39,995	2,668	42,663	211,161	188,562
Payroll taxes	47,652	37,680	6,742	92,074	10,938	3,037	13,975	106,049	93,259
	721,476	562,905	106,406	1,390,787	193,733	43,854	237,587	1,628,374	1,457,741
Direct program expenses:									
Learning materials	437,461	-	-	437,461	-	-	-	437,461	520,722
Contract services	-	187,344	13,688	201,032	-	-	-	201,032	317,535
Conference attendance	198,167	2,239	-	200,406	-	-	-	200,406	194,539
Provider training/resources	15,597	2,068	120,670	138,335	-	-	-	138,335	199,903
Curriculum	72,041	-	-	72,041	-	-	-	72,041	342,184
Technology	52,014	-	-	52,014	-	-	-	52,014	31,572
Quality kuddos	38,900	-	-	38,900	-	-	-	38,900	935
College coursework	13,030	-	-	13,030	-	-	-	13,030	27,921
Participant childcare	11,083	313	210	11,606	-	-	-	11,606	7,052
Planning and development	-	-	9,406	9,406	-	-	-	9,406	7,734
Translation and interpretation	110	2,601	4,783	7,494	-	-	-	7,494	17,135
Health and safety	5,527	-	-	5,527	-	-	-	5,527	10,001
Trainer development	-	-	4,800	4,800	-	-	-	4,800	1,138
Coaching	4,000	-	-	4,000	-	-	-	4,000	130,854
Assessment and evaluation	2,667	-	-	2,667	-	-	-	2,667	2,146
Special events	-	1,615	-	1,615	-	-	-	1,615	2,748
Quality improvements	956	-	-	956	-	-	-	956	42,938
Teacher incentives/technology	-	-	-	-	-	-	-	-	5,675
	851,553	196,180	153,557	1,201,290	-	-	-	1,201,290	1,862,732
Other operating expenses:									
Professional fees	36,016	167,938	800	204,754	21,779	-	21,779	226,533	220,356
Information technology	1,185	57,416	-	58,601	31,113	-	31,113	89,714	55,449
Facilities and equipment	41,023	18,627	867	60,517	8,429	-	8,429	68,946	85,866
Conferences and meetings	2,504	35,495	198	38,197	5,033	383	5,416	43,613	31,830
Office expenses	6,483	4,354	410	11,247	28,206	162	28,368	39,615	32,525
Travel	14,555	12,138	2,312	29,005	1,537	18	1,555	30,560	44,429
Staff development	5,636	6,499	3,052	15,187	13,025	688	13,713	28,900	33,485
Printing	4,093	1,022	87	5,202	14,398	-	14,398	19,600	32,728
Community outreach	-	2,274	2,596	4,870	7,055	315	7,370	12,240	34,216
Interest	-	-	-	-	3,547	-	3,547	3,547	4,342
Insurance	-	-	-	-	2,176	-	2,176	2,176	8,410
	111,495	305,763	10,322	427,580	136,298	1,566	137,864	565,444	583,636
Total Expenses	$ 1,684,524	$ 1,064,848	$ 270,285	$ 3,019,657	$ 330,031	$ 45,420	$ 375,451	$ 3,395,108	$ 3,904,109

The accompanying notes are an integral part of the financial statements.

DENVER EARLY CHILDHOOD COUNCIL

Statements of Cash Flows
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018	2017
Cash Flows From Operating Activities		
Change in net assets	$ 152,226	$ 416,589
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Government grants receivable	573,730	118,819
Contributions receivable	108,000	(124,000)
Other receivables	(23,455)	(6,846)
Prepaid expenses and other	(7,435)	969
Increase (decrease) in:		
Accounts and subcontractors payable	(537,999)	(239,038)
Accrued payroll liabilities	22,607	10,470
Deferred revenue	99,114	56,186
Net Cash Provided by Operating Activities	386,788	233,149
Cash Flows From Financing Activities		
Payments made to recoverable grant funding	-	(150,000)
Net Cash (Used in) Financing Activities	-	(150,000)
Net Increase in Cash and Cash Equivalents	386,788	83,149
CASH AND CASH EQUIVALENTS, beginning of year	402,279	319,130
CASH AND CASH EQUIVALENTS, end of year	$ 789,067	$ 402,279

The accompanying notes are an integral part of the financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

The vision of Denver's Early Childhood Council ("the Council") is that every young child in Denver enters school ready to succeed. The Council serves as Denver's early childhood hub by leveraging resources, opportunities, and connections to create a quality system that impacts the lives of children and their families. Our 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 helps them enter school ready to succeed. We do this by helping caregivers, teachers, and others provide the highest quality services possible. We connect different aspects of the early childhood system to make sure policies and practices meet all the growth and developmental needs of young children.

- ***Quality Initiatives* -** Our Quality Initiatives include the Colorado Shines Quality Improvement program (CSQI), Early Head Start (EHS) and the Denver Preschool Program (DPP). These programs enhance quality in early childhood education to improve the school readiness of Denver children birth to five years old. Child care providers receive targeted coaching, training, qualified classroom learning materials and technology resources to support their practice and quality of the learning environments. In FY17-18, the Council coordinated and provided over 3,924 hours of on-site coaching to support best practice and new skill building for early childhood professionals across Denver, including increased focus on business and financial practices. The Council also managed over $981 thousand dollars of eligible quality investments in childcare programs for workforce development, learning environments, technology, and teacher incentives. All childcare programs participating in quality initiatives are required to be quality rated through the state Colorado Shines Quality Rating and Improvement System. Most programs recognize gains in quality as a result of the supports and resources provided.

- ***Career Pathways* –** Career Pathways and the Denver Child Care Resource & Referral program expand access to high quality training programs that provide professional development on industry best practice and evidence-based curriculum to help early childhood professionals increase their knowledge and apply it in the classroom. Professional development offerings are often paired with on-site coaching that enhances the application and effectiveness of the delivered content. Additionally, the Council co-hosts a regional early childhood conference supporting professional development each year. 2018 had the highest attendance yet of more than 2600 participants from 19 states. To expand access to high-quality trainings and information sessions, the Council braids funding to offer additional community slots to all Denver early childhood education professionals working with children ages 0-5, including family home care providers, teachers and directors at early learning centers, and other early childhood stakeholders and caregivers. The Council and partners were awarded a $250,000 Early Childhood Workforce Innovation Grant on May 1, 2018. The Council is leading this new pilot program addressing systemic improvement of recruitment, retention and compensation for early childhood teachers.

1. Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

- ***Early Childhood Systems Building –*** Within this program, Denver's Early Childhood Council works strategically with community, nonprofit, governmental, foundation and corporate partners to align policies and create more efficient, accessible and culturally responsive early childhood services. Program activities include hosting monthly policy taskforce groups, convening home visitation partners, supporting implementation of county-wide initiatives and participation in state-wide and national early childhood leadership coalitions. Denver's Early Childhood Council also serves as lead recipient for LAUNCH Together in Denver, a collaborative funded by eight foundations. In close partnership with many community partners, this four-year grant focuses on building a coordinated system for social-emotional development supports for young children birth-to-5 years old in targeted high-needs neighborhoods. This program area also leads work with partners around the coordination and development of new policies and technologies that can be scaled and leveraged by other early childhood organizations across the state.

Basis of Accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation
The accompanying financial statements include statements of financial position that present the amounts for each of the three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, net assets of the Council and changes thereon are classified and reported as follows:

<u>Unrestricted Net Assets</u> – Net assets that are not subject to donor-imposed stipulations.

<u>Temporarily Restricted Net Assets</u> – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Council and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

<u>Permanently Restricted Net Assets</u> – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Council. Currently, the Council does not have any permanently restricted net assets.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. Organization and Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

The Council maintains a bank account at one financial institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The balance, at times, may exceed the FDIC insured limit. The Council believes it is not exposed to any significant credit risk on its cash balances.

During the years ended June 30, 2018 and 2017, the Council received approximately 63% and 77%, respectively, of its revenues recognized in the current year from government support.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Council considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Receivables

The Council believes that its receivables, which are recorded at fair value, are fully collectible; accordingly, there is no allowance for doubtful accounts at June 30, 2018 and 2017. The Council's policy for charging off receivables is when future payments thereon are determined to be improbable.

Property and Equipment

The Council capitalizes the cost of all property and equipment expenditures in excess of $5,000. Contributed property and equipment is recorded at fair value at the date of donation. Assets are depreciated using the straight-line method over the estimated useful lives of the respective asset.

The Council did not hold any individual assets with an acquisition value greater than $5,000 at June 30, 2018 and 2017.

Deferred Revenue

Deferred revenue consists of funds received prior to June 30, 2018 and 2017, in which the revenue will be recognized in applicable future periods when the related expenses are incurred.

Contributions and Grants

The Council accounts for contributions and grants as unrestricted, temporarily restricted, or permanently restricted assets depending on the existence and/or nature of any donor restrictions. 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 in the statements of activities as net assets released from restrictions.

The Council's policy is to record contributions whose restrictions are met in the same reporting period as unrestricted contributions. Contributions whose restrictions are not met in the same reporting period are reported as temporarily restricted assets.

The Council receives support from federal and state grants. Amounts received are deemed to be earned and are reported as revenue when the Council has incurred expenditures or performed services in compliance with the specific agreement.

1. Organization and Summary of Significant Accounting Policies (continued)

Donated Goods Services
A substantial number of volunteers have contributed significant amounts of time to the Council; however, no amounts have been reflected in the accompanying financial statements for such contributed services as these services do not meet the criteria for recognition as contributions under generally accepted accounting principles.

Tax Exempt Status
The Council is a not-for-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation under Section 509(a) of the Code. As such, donors are entitled to a charitable deduction for their contributions to the Council. Accordingly, the accompanying financial statements do not include a provision for income taxes.

The Council follows *Accounting for Uncertainty in Income Taxes*, which requires the Council to determine whether a tax position (and related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the years ended June 30, 2018 and 2017, the Council's management evaluated its tax positions to determine the existence of uncertainties and did not note any matters that would require recognition or which may have an effect on its tax-exempt status.

Fair Value Measurements
The carrying amounts reported in the statements of financial position for cash and cash equivalents, government grants receivable, contributions and other receivables, prepaid expenses and other, accounts payable, and accrued liabilities approximates fair value because of the immediate or short-term maturities of these financial instruments.

Functional Allocation of Expenses
The costs of providing the program and supporting services have been summarized on a functional basis in the statements of functional expenses. Indirect expenses are allocated to the program and supporting services on the basis of function, the areas benefited, and usage of the assets. All other costs can be specifically identified with a particular function and are charged directly to that function.

Subsequent Events
In accordance with the *Subsequent Events* Topic of FASB ASC, management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Council's financial statements were available to be issued on November 20, 2018, and this is the date through which subsequent events were evaluated.

1. Organization and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In August 2016, the FASB issue ASU 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. This ASU is meant to eliminate diversity in practice and increase comparability among not-for-profit entities. The FASB believes that certain requirements of the ASU will increase transparency around a not-for-profit's available financial resources and flexibility. This ASU is effective for fiscal years beginning after December 15, 2017; however, early adoption of this ASU is permitted. Management is currently evaluating the potential impact of this ASU on the Council's financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605 Revenue Recognition, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using either a full or modified retrospective method. ASU No. 2014-09 is effective for nonpublic companies for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of the provisions of ASC 606 on its financial statements.

2. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes at June 30, 2018 and 2017:

	2018	2017
Contributions receivable:		
The Piton Foundation	$ -	$ 200,000
Constellation Philanthropy	90,000	-
Other miscellaneous	2,000	-
Rose Community Foundation:		
LAUNCH Together	471,745	235,514
Total	$ 563,745	$ 435,514

During the year ended June 30, 2018 and 2017, a total of $588,769 and $374,268, respectively, was released from temporarily restricted net assets to unrestricted net assets.

3. Conference Fees

The Council has entered into a Common Interest Agreement and a Joint Venture Agreement with The Colorado Association for the Education of Young Children, now known as the Colorado Association for the Education of Young People ("COAEYC"), and The Early Childhood Council Leadership Alliance ("ECCLA") to organize and host a recurring conference for early childhood professionals. For Fiscal 2017, a qualified third party was contracted to manage all financial and bookkeeping responsibilities for the conference. In November 2017, COAEYC withdrew from the Agreement, resulting in a re-evaluation and modification of the relationship between the Council and ECCLA (Note 5). Consequently, the Council took over full management and operating responsibility for the conference. Revenues and direct expenses associated with the conference for the year ending June 30, 2018, are as follows:

Revenues:	
Registrations	$ 424,845
Sponsorships	104,125
Fund transfers	22,389
	551,359
Direct Expenses:	
Facility	283,913
Program	67,499
Contract services	52,109
Registration	34,803
Operating	27,538
Publicity	24,176
Printing	13,288
Total Direct Expenses	503,326
Conference Revenues, Net	$ 48,033

4. Lease Commitments

The Council leases its administrative office facility under an operating agreement that was renewed and updated in July 2012 for a term of seven years. During the year ended June 30, 2015, the Council amended the office facility operating agreement to include additional office space. Additionally, the Council leases office equipment under a five year operating lease. Approximate future minimum rental payments under these operating lease agreements as of June 30, 2018, are as follows:

Year Ending June 30,	
2019	$ 53,200
2020	50,900
Total	$ 104,100

Total rent expense for the years ended June 30, 2018 and 2017, was $62,415 and $60,855, respectively.

5. Related Party Transactions

Mile High Early Learning:

During fiscal year 16-17, Mile High Early Learning (MHEL) applied for and received Federal Early Head Start funding, and subcontracted some of the funding to the Council. Prior to submitting the application for funding, the Council Board discussed the pros and cons of co-applying with Mile High Early Learning as the lead grant recipient, and the Council as the contractor. Pamela Harris is the CEO of Mile High Early Learning and was also a Council Board member at the time of the discussion and continued as a member of the Oversight Council during fiscal year 2017-2018. Per the Conflict of Interest policy, had Ms. Harris been in the meeting at which the application was discussed, she would have had to recuse herself from that discussion. However, Ms. Harris was not present for the meeting, and so did not influence the decision. The Board determined that moving forward with the Early Head Start application was in alignment with the mission and in the best of interest of the Council and those it serves. The funding was awarded in the Spring of 2017, and Mile High Early Learning and the Council entered into a subcontract that was in place throughout the 2017-2018 fiscal year. The Council has $61,679 in receivables due from MHEL at June 30, 2017. No amounts are outstanding at June 30, 2018.

Early Childhood Council Leadership Alliance:

As of June 30, 2017, the Council and Early Childhood Council Leadership Alliance (ECCLA) no longer share any key staff or governing board members; however, through September 30, 2017 the organizations were still working together on an extension of the ecConnect Expansion Project originally contracted to ECCLA in 2014. The Project's objective was to integrate the ecConnect system with the state Colorado Shines database and transition the management of the Council Sugar/ecConnect data system to ECCLA. Since that time, it was determined that the ongoing efforts at systems integration were best handled by the Council and the collaborative aspects of this project were phased out.

During fiscal year 2017-2018, the Council took on the lead role in the presentation of the 2018 Rocky Mountain Early Childhood Conference (RMECC) and partnered with ECCLA to accomplish this (Note 3). The Council entered into a contract with ECCLA for ECCLA employees to complete a number of tasks associated with the Conference. This collaboration was successful, and a similar contract is to be initiated for fiscal year 2018-2019. Amounts owed to ECCLA at June 30, 2017, total $62,044. No amounts are outstanding at June 30, 2018.

Conflict of Interest Policy:

The Council takes precautions as outlined in its Conflict of Interest Policy to maintain its commitment to integrity and fairness in the conduct of all activities, including annual written disclosure by all board members of any relationships that could constitute a conflict of interest. Participants who have a conflict of interest shall abstain from voting on those decisions, and that abstention is formally noted in the board minutes. With disclosure to other participants, the work of the Council is furthered by the willingness of its participants to share information bearing upon the matter under consideration.

6. Recoverable Grant Funding

On March 2, 2015, the Council received $150,000 in recoverable grant funding from The Piton Foundation. The Council used the funding to supplement operational cash flow needs relating to the implementation of the QI Pilot for Colorado Child Care Assistance Program. The agreement is non-interest bearing, unsecured, and was scheduled to terminate on October 30, 2015. On November 10, 2015, the agreement was amended, and the termination date was extended to August 31, 2016. During the year ended June 30, 2017, the Council repaid the recoverable grant in full.

7. Employee Retirement Plan

The Council offers a Simple IRA Plan for qualified employees. Participants become eligible to join the Plan on the first day of the month following the date of hire, as defined by the Plan. The Council contributes 2% of participating employees' compensation annually, subject to IRS limitations. Employer contributions to the plan for the years ending June 30, 2018 and 2017, totaled $25,749 and $23,300, respectively.

8. Contingencies

The Council receives certain revenues from contracts with various 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 financial statements. However, management believes the Council is in compliance with its grant requirements, and no liability has arisen in the past or is currently expected.

9. Conditional Grant

During the year ended June 30, 2018, the Council received a $253,000 conditional grant from the Rose Community Foundation for the Denver Early Childhood Workforce Initiative. The Council satisfied the conditions and recognized $168,667 of the funding during the year ended June 30, 2018. The remaining $84,333 will be recognized upon successful progress of future grant requirements and participation in required grant activities.