

**EARLY LEARNING VENTURES**

Consolidated Financial Statements and Single Audit  
For the Year Ended December 31, 2021  
(With Summarized Financial Information  
For the Year Ended December 31, 2020)

Together With Independent Auditors' Report

**JDS** professional  
group  
certified public accountants, consultants and advisors

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Early Learning Ventures:

### **Opinion**

We have audited the accompanying consolidated financial statements of Early Learning Ventures and its subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the changes in its net assets and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management 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, and for 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.

### Independent Auditors' Report (Continued)

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Independent Auditors' Report (Continued)

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

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 audit 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.

**Reporting on Summarized Comparative Information**

We have previously audited the Organization's December 31, 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*JDS Professional Group*

August 17, 2022

## EARLY LEARNING VENTURES

### Consolidated Statement Of Financial Position

As Of December 31, 2021

(With Summarized Financial Information For The Year Ended December 31, 2020)

Page -5-

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash	\$ 1,233,898	\$ 1,625,300
Receivables:		
Grants receivable	1,332,844	644,838
Promises to give	166,300	50,000
Due from related parties	7,509	
Prepaid expenses and other assets	<u>179,197</u>	<u>94,104</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,919,748</u></b>	<b><u>\$ 2,414,242</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 367,368	\$ 539,354
Accrued liabilities	226,179	237,609
Refundable advance	55,950	34,027
Refundable advance - PPP Loan		76,188
Due to related parties		<u>12,263</u>
Total Liabilities	<u>649,497</u>	<u>899,441</u>
Net Assets:		
Without donor restrictions	2,003,801	1,426,090
With donor restrictions	<u>266,450</u>	<u>88,711</u>
Total Net Assets	<u>2,270,251</u>	<u>1,514,801</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,919,748</u></b>	<b><u>\$ 2,414,242</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

## EARLY LEARNING VENTURES

Consolidated Statement Of Activities  
For the Year Ended December 31, 2021

(With Summarized Financial Information For The Year Ended December 31, 2020)

Page -6-

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Support and Revenue:				
Federal grants	\$ 5,534,016	\$	\$ 5,534,016	\$ 5,933,935
Federal grant - PPP	76,187		76,187	
Nonfederal grants	856,509	366,450	1,222,959	189,248
Membership dues, net of scholarships of \$49,475 and \$84,177	219,655		219,655	143,663
Contributions	303,276		303,276	153,331
Other income	40,513		40,513	16,479
Net assets released from restrictions:				
Satisfaction of program restrictions	188,711	(188,711)		
Total Support and Revenue	<u>7,218,867</u>	<u>177,739</u>	<u>7,396,606</u>	<u>6,436,656</u>
Expenses:				
Program services	6,108,979		6,108,979	5,999,533
Supporting services -				
Management and general	477,964		477,964	453,387
Fundraising	54,213		54,213	15,753
Total Supporting Services	<u>532,177</u>		<u>532,177</u>	<u>469,140</u>
Total Expenses	<u>6,641,156</u>		<u>6,641,156</u>	<u>6,468,673</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	577,711	177,739	755,450	(32,017)
Net Assets, Beginning Of Year	<u>1,426,090</u>	<u>88,711</u>	<u>1,514,801</u>	<u>1,546,818</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,003,801</u>	<u>\$ 266,450</u>	<u>\$ 2,270,251</u>	<u>\$ 1,514,801</u>

The accompanying notes are an integral part of these consolidated financial statements.

## EARLY LEARNING VENTURES

### Consolidated Statement Of Functional Expenses

For The Year Ended December 31, 2021

(With Summarized Financial Information For The Year Ended December 31, 2020)

Page -7-

	Program Services	Management and General	Fundraising	2021 Total	2020 Total
Tuition	\$ 2,677,775	\$	\$	\$ 2,677,775	\$ 2,596,701
Salaries	1,628,662	304,541	54,139	1,987,342	1,793,730
Professional services	277,384	163,911		441,295	602,675
Supplies	1,008,055	419	74	1,008,548	917,903
Technology	274,708	55		274,763	239,019
Travel	19,940	1,182		21,122	36,095
Other	2,674			2,674	5,026
Seminars and training	84,523	463		84,986	160,868
Marketing	36,146			36,146	28,038
Telephone	13,802	1,344		15,146	18,487
Office expenses	77,804	6,039		83,843	62,003
Meetings					254
Dues and subscriptions	7,506	10		7,516	7,874
Total	<u>\$ 6,108,979</u>	<u>\$ 477,964</u>	<u>\$ 54,213</u>	<u>\$ 6,641,156</u>	<u>\$ 6,468,673</u>

The accompanying notes are in integral part of these consolidated financial statements.

## EARLY LEARNING VENTURES

Consolidated Statement Of Cash Flows  
For The Year Ended December 31, 2021

(With Summarized Financial Information For The Year Ended December 31, 2020)

Page -8-

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ 755,450	\$ (32,017)
Adjustments to reconcile changes in net assets from operations to net cash provided by operating activities:		
Forgiveness of PPP grant	(76,188)	
Changes in current assets and liabilities:		
Decrease (increase) in grants receivable	(688,006)	63,878
Decrease (increase) in promises to give	(116,300)	275,000
Decrease (increase) in prepaid expenses and other assets	(85,093)	73,415
Increase (decrease) in accounts payable	(171,986)	60,344
Increase (decrease) in accrued liabilities	(11,430)	143,764
(Decrease) increase in refundable advances	21,923	(15,718)
(Decrease) increase in due to/from related parties	(19,772)	(20,235)
Net cash provided by (used in) operating activities	<u>(391,402)</u>	<u>548,431</u>
Cash flows from financing activities:		
Proceeds from refundable advance - PPP loan		76,188
Net cash provided by financing activities		<u>76,188</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(391,402)</b>	<b>624,619</b>
Cash, Beginning Of Year	<u>1,625,300</u>	<u>1,000,681</u>
<b>CASH, END OF YEAR</b>	<b><u>\$ 1,233,898</u></b>	<b><u>\$ 1,625,300</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

## EARLY LEARNING VENTURES

Notes To Financial Statements  
For The Year Ended December 31, 2021

Page -9-

---

### (1) Nature Of The Organization

Early Learning Ventures (ELV), a non-profit corporation, was incorporated in the State of Colorado on January 14, 2009, and is tax-exempt under Section 501(c)(3) of the United States Internal Revenue Code. ELV 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.

### (2) Summary Of Significant Accounting Policies

#### Method Of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

#### Principles Of Consolidation

The consolidated financial statements include the accounts of ELV and ELV Colorado Alliance, LLC (ELV-A), a wholly owned subsidiary (collectively, the "Organization"). All material intercompany accounts and transactions have been eliminated in consolidation.

#### Basis Of Presentation

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity.

## EARLY LEARNING VENTURES

Notes To Financial Statements  
For The Year Ended December 31, 2021

Page -10-

---

### 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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

### Risks and Uncertainties

The global community has been under a significant threat from coronavirus ("COVID-19"). The extent to which the COVID-19 pandemic impacts the Organization's business, results of operations and financial condition will depend on future developments, which are still uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, the Organization may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Organization cannot reasonably estimate the impact at this time.

### Measure Of Operations

The consolidated statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consists of those items attributable to the Organization's ongoing program services and investment earnings. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

### Cash

The Organization's cash consists solely of demand deposits that are held at financial institutions in which deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"). As of December 31, 2021, the Organization's cash demand deposits exceeded the FDIC insurance limit by \$938,683. As of December 31, 2021, the Organization did not have any cash equivalents.

### Accounts Receivable

Accounts receivable consist of miscellaneous receivables arising in the ordinary course of providing early childcare program support. As of December 31, 2021, the Organization had no accounts receivable.

The Organization uses the allowance method of accounting for doubtful accounts, estimating the amounts of uncollectible receivable and recording allowances based upon historical bad debt experience and management's assessment of collectibility. No allowances were deemed necessary for the year ended December 31, 2021.

## EARLY LEARNING VENTURES

Notes To Financial Statements  
For The Year Ended December 31, 2021

Page -11-

---

### Revenue And Revenue Recognition

Membership revenue is recognized over the annual term of the membership. The performance obligation consists of delivering the membership services required by the membership contract. Revenue is recognized as the services are met. Monthly membership dues are paid to the Organization during the month the services are provided and performance obligations satisfied. Membership revenue is reported net of scholarships of \$49,475 for the year ended December 31, 2021.

The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. As of the December 31, 2021, there was no discount related to promises to give as all are expected to be received within one year.

Conditional promises to give with a measurable performance or other barrier and a right of return/right or release are not recognized until the conditions on which they depend have been met. As of December 31, 2021, the Organization had no advances on conditional promises to give.

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances on the statement of financial position. As of December 31, 2021, the Organization received \$55,950 recorded as a refundable advance on the statement of financial position. Grants receivable represents amounts owed to the Organization under cost-reimbursable contracts for which qualifying expenses have been incurred. The Organization was awarded cost-reimbursable grants of \$1,143,300 that have not been recognized at December 31, 2021, because qualifying expenditures have not yet been incurred.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

## EARLY LEARNING VENTURES

Notes To Financial Statements  
For The Year Ended December 31, 2021

Page -12-

---

### Methods Used for Allocation of Expenses from Management and General Activities

The cost of providing program and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries, wages and related payroll	Time and effort

### Prior Year Financial Information

Certain prior-year comparative information has been reclassified to conform to the current year presentation. In addition, the consolidated financial statements include certain prior-year summarized comparative information in total but not by functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

### Subsequent Events

The Organization has performed an evaluation of subsequent events through August 17, 2022, which is the date the consolidated financial statements were available to be issued, and has considered any relevant matters in the preparation of the consolidated financial statements and footnotes.

### (3) Tax Exempt Status And Deferred Tax

In February 2016, ELV applied for termination of its private foundation status, instead electing to operate as a public charity. This was approved by the Internal Revenue Service for a 60-month advance ruling period beginning retroactively on January 1, 2016. During the 60-month period, ELV had to meet the requirements of a public charity described under Section 509(a) of the Internal Revenue Code. During 2021, ELV received notification from the Internal Revenue Service that it is now classified as a public charity. Accordingly, ELV is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code in which donors are entitled to a charitable deduction for their contributions to ELV. ELV-A is treated as a disregarded entity for tax purposes, and accordingly, its activity is included in ELV's tax return. The accompanying consolidated financial statements therefore contain no provision for income taxes.

## EARLY LEARNING VENTURES

Notes To Financial Statements  
For The Year Ended December 31, 2021

Page -13-

The Organization follows *Accounting for Uncertainty in Income Taxes* which requires the Organization to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical 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 year ended December 31, 2021, the Organization'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 affect on its tax-exempt status.

The Organization was required to file Form 990-PF until it completed the 60-month termination and was classified as a public charity. The Organization is still subject to U.S. federal tax audits on its Form 990-PF for years 2019 and 2020 and its Form 990 for 2021. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

### (4) Commitments And Contingencies

#### Government Contracts

The Organization receives certain 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 requirements, and no material liability has arisen in the past or is currently expected.

### (5) Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following purposes as of December 31, 2021:

#### Subject to expenditure for specified purpose:

Early Head Start health services/family support	\$ 50,000
Early Head Start Child Care Partnerships	216,450
Total	<u>\$ 266,450</u>

## EARLY LEARNING VENTURES

Notes To Financial Statements  
For The Year Ended December 31, 2021

Page -14-

### (6) Liquidity And Availability Of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2021:

Financial assets at year end -	
Cash	\$ 1,233,898
Grants receivable	1,332,844
Promises to give	166,300
Due from related parties	<u>7,509</u>
Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 2,740,551</u></u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date. The promises to give are subject to implied time restrictions but are expected to be collected within one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### (7) Related Party Transactions

The Organization is affiliated with Consolidated Investment Group, LLC and Merage Social Impact, LLC (the "Companies"). Each of the Companies is owned, in whole or in part, by the Organization's founders. Some of the Organization's board members and officers are also owners or officers of the Companies. The Companies 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, 2021, the Companies owed the Organization \$7,509, resulting from estimated fees and expenses funded by the Organization in excess of actual amounts paid by the Companies on the Organization's behalf. Additionally, the Organization paid the Companies in advance to prefund payroll in the amount of \$103,735 as of December 31, 2021, which has been recorded in prepaid expenses and other assets on the consolidated statement of financial position.

## EARLY LEARNING VENTURES

Schedule Of Expenditures Of Federal Awards  
For The Year Ended December 31, 2021

Page -15-

<u>Federal Agency/Pass-through/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Heath and Human Services			
Direct Programs:			
Early Head Start			
- Child Care Partnerships**	93.600	08HP000175-02-02	\$ 444,688
		08HP000175-02-01-COVID 19	54,756
		08HP000279-02-01	2,148,619
		08HP000175-03-02	2,817,713
		08HE001109-01-00-COVID 19	68,240
TOTAL			<u>\$ 5,534,016</u>

\*\* Major program

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

## EARLY LEARNING VENTURES

Notes To Supplemental Schedule Of Expenditures Of Federal Awards  
For The Year Ended December 31, 2021

Page -16-

---

(1) Method of Accounting

The schedule of expenditures of federal awards has been prepared on an accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and also presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* for all new federal awards received on or after December 26, 2014, and for funding increments (additional funding on existing awards) with modified terms and conditions that are awarded on or after that date. Because the schedule of expenditures of federal awards presents only a selected portion of the operations of the Organization, it is not intended to, and does not present, the consolidated financial position, consolidated changes in net assets, or consolidated cash flows of the Organization.

The Organization has elected to use the 10% *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

**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 Board of Directors of  
Early Learning Ventures:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Early Learning Ventures (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, which collectively comprise the Organization's consolidated financial statements, and have issued our report thereon dated August 17, 2022.

**Report on 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 our 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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

*Members:*

*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*

10303 E. Dry Creek Road, Suite 400 • Englewood, CO 80112 • 303 771 0123 • 303 771 0078 fax

Independent Auditors' Report (Continued)

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*JDS Professional Group*

August 17, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

To the Board of Directors of  
Early Learning Ventures:

**Opinion on Each Major Federal Program**

We have audited Early Learning Ventures' (the "Organization") 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 the Organization's major federal program for the year ended December 31, 2021. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 its major federal programs for the year ended December 31, 2021.

**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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 Organization's compliance with the compliance requirements referred to above.

*Members:*

*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*

10303 E. Dry Creek Road, Suite 400 • Englewood, CO 80112 • 303 771 0123 • 303 771 0078 fax

## Independent Auditors' Report (Continued)

### **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 Organization's federal programs.

### **Auditors' 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 Organization'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 Organization'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 Organization'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 Organization'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 Organization's internal control over compliance. Accordingly, no such opinion is expressed.

Independent Auditors' Report (Continued)

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

**Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

*JDS Professional Group*

August 17, 2022

**EARLY LEARNING VENTURES**

Schedule Of Findings And Questioned Costs  
For The Year Ended December 31, 2021

---

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(s) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

***Federal Awards***

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(s) identified that are not considered to be material weakness(es)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> 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 Uniform Guidance 2 CFR §200.516(a)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

**EARLY LEARNING VENTURES**

Schedule Of Findings And Questioned Costs (Continued)  
For The Year Ended December 31, 2021

---

Identification of major programs:

Assistance Listing Or Other  
Identifying Number

Name Of Federal Program

93.600

Early Head Start - Child Care Partnerships

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

\$750,000

Auditee qualified as low-risk auditee?

X  yes

no

**Section II - Financial Statement Findings**

None.

**Section III - Federal Award Findings and Questioned Costs**

None.

**EARLY LEARNING VENTURES**

Summary Schedule Of Prior Audit Findings  
For The Year Ended December 31, 2021

Page -24-

---

None.