DENVER PRESCHOOL PROGRAM, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2017

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To the Board of Directors
Denver Preschool Program, Inc.

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Denver Preschool Program, Inc. (a Colorado nonprofit corporation), which comprise of the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Managements' 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 of America; 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 of America. 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 Preschool Program, Inc. as of December 31, 2017, and the changes in net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

GC2 Professional Services P.C.

GC2 PROFESSIONAL SERVICES PC
Certified Public Accountants

Aurora, Colorado
February 15, 2018

DENVER PRESCHOOL PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL ALL
ASSETS			
CASH	$ 22,458,392	$ -	$ 22,458,392
RECEIVABLES	4,996	-	4,996
PREPAID EXPENSES	21,065	-	21,065
FIXED ASSETS, at cost	56,332	-	56,332
ACCUMULATED DEPRECIATION	(46,518)	-	(46,518)
TOTAL ASSETS	$ 22,494,267	$ -	$ 22,494,267
LIABILITIES AND NET ASSETS			
ACCOUNTS PAYABLE	$ 3,597,965	$ -	$ 3,597,965
ACCRUED EXPENSES	8,472,581	-	8,472,581
	12,070,546	-	12,070,546
NET ASSETS			
Undesignated	10,083,721	-	10,083,721
Board designated	340,000	-	340,000
	10,423,721	-	10,423,721
TOTAL LIABILITIES & NET ASSETS	$ 22,494,267	$ -	$ 22,494,267

DENVER PRESCHOOL PROGRAM, INC.
STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL ALL
SUPPORT AND REVENUE:			
Government contract revenue	$ -	$ 20,361,510	$ 20,361,510
Public support	14,809	-	14,809
Other revenue	11,531	-	11,531
Net assets released from restrictions	20,361,510	(20,361,510)	-
Total support and revenue	20,387,850	-	20,387,850
EXPENSES:			
Program	18,092,466	-	18,092,466
Management and general	680,132	-	680,132
Total expenses	18,772,598	-	18,772,598
CHANGE IN NET ASSETS	1,615,252	-	1,615,252
NET ASSETS, beginning	8,808,469	-	8,808,469
NET ASSETS, ending	$ 10,423,721	$ -	$ 10,423,721

DENVER PRESCHOOL PROGRAM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL ALL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	$ 1,615,252	$ -	$ 1,615,252
Adjustments to reconcile net cash provided by operating activities:			
Depreciation	1,730	-	1,730
Change in certain assets and liabilities	793,252	-	793,252
Cash flows from operating activities	2,410,234	-	2,410,234
CASH FLOWS FROM INVESTING ACTIVITIES:			
Fixed assets addition	(4,760)	-	(4,760)
	(4,760)	-	(4,760)
CASH FLOWS FROM FINANCING ACTIVITIES:			
None	-	-	-
	-	-	-
NET CHANGE IN CASH	2,405,474	-	2,405,474
CASH, beginning	20,052,918	-	20,052,918
CASH, ending	$ 22,458,392	$ -	$ 22,458,392

Ending cash will be applied to future tuition credit and quality improvement liabilities for the current year.

DENVER PRESCHOOL PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	MANAGEMENT & GENERAL	PROGRAM	TOTAL
Parent tuition credit	$ -	$ 13,493,058	$ 13,493,058
Quality improvement*	-	2,477,726	2,477,726
Community outreach	-	925,455	925,455
Evaluation	-	558,112	558,112
Parent eligibility	-	485,693	485,693
Salaries	371,255	-	371,255
Professional fees	79,634	22,687	102,321
Information technology	-	84,035	84,035
Employee benefits	82,972	-	82,972
Outside services	7,890	45,700	53,590
Rent and utilities	27,093	-	27,093
Taxes, payroll	26,491	-	26,491
Meetings	16,354	-	16,354
Training, books & subscriptions	15,258	-	15,258
Insurance	15,144	-	15,144
Equipment expense	7,466	-	7,466
Supplies	6,783	-	6,783
Printing and copying	5,361	-	5,361
Computer expense - in house	4,691	-	4,691
Telephone, telecommunications	3,360	-	3,360
Payroll processing	2,935	-	2,935
Automobile expenses	2,685	-	2,685
Depreciation	1,730	-	1,730
Postage, mailing service	1,682	-	1,682
Hiring and annual review	1,348	-	1,348
	$ 680,132	$ 18,092,466	$ 18,772,598

* Quality improvement consists of two components: quality rating for providers and quality improvement grants that include coaching, coursework, professional development and classroom materials.

The Denver Preschool Program, Inc. "(DPP") is a Colorado Non-Profit corporation. DPP is organized and operated as a tax-exempt charitable organization within the meaning of Internal Revenue Code Section 501(c)(3). The purpose of DPP is to administer the Denver Preschool Program as defined in Article III of Chapter 11, Denver Revised Municipal Code, as amended, and in accordance with any agreement for administration of the Denver Preschool Program entered into by and between DPP and the City and County of Denver. DPP is providing tuition credits for children of Denver families the year before the child is eligible for kindergarten. The family may use the tuition credit with any preschool provider who is licensed by the State of Colorado and has a contract with DPP, regardless of where the provider is located. DPP may also provide grants to assist the child care provider in increasing the quality of their programs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ALLOWANCE FOR BAD DEBTS - The Organization uses the allowance method for bad debts. Under this method, an estimation of the uncollectible portion of receivables is offset against the receivable. As accounts are determined to be uncollectible, the receivable and the allowance account are reduced.

BASIS OF PRESENTATION – Financial statement presentation follows the recommendations of the Accounting Standards Codification ("ASC") as found in ASC 958." Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

1. Unrestricted – net assets not subject to donor-imposed stipulations.
2. Temporarily Restricted – net assets subject to donor-imposed stipulations that either expire by the passage of time or can be fulfilled or otherwise removed by action of the Organization.
3. Permanently Restricted – net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization.

CASH AND CASH EQUIVALENTS – For purposes of cash flows, DPP considers all demand deposits and money market accounts as cash and cash equivalents.

CONTRIBUTIONS – Contributions are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the existence or nature of any donor restrictions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DONATED SERVICES AND PROPERTY – Contributions of services are recognized only if the services received either (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of property are recorded at their fair value on the date of contribution.

In-kind contributions are recorded as revenue and expense at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

EXPENSE ALLOCATION – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services that have benefited, based on total personnel costs or other systematic basis.

PROPERTY AND EQUIPMENT - Amounts capitalized as property and equipment, including additions and improvements to existing assets, are recorded at cost. Fixed assets are depreciated using the straight-line method over 5 years.

Maintenance cost and repairs are expensed when incurred; renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the respective costs and accumulated depreciation are removed from the accounts. The resulting gain or loss is included in the statement of activities, except for non-monetary exchanges in which the basis of the asset acquired is adjusted for the gain or loss.

TEMPORARILY RESTRICTED RESOURCES – DPP reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets for either time or purpose. When a donor 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 statement of activities as net assets released from restrictions.

DPP also reports funds received from government contracts as temporarily restricted. As DPP incurs expenditures under the contract, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DPP reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. To date, DPP has not received gifts of long-lived assets.

USE OF ESTIMATES - The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Some estimates are made based on management's expectation of what they believe to be expected future results. Actual amounts could differ from those estimates.

VALUATION OF INVESTMENTS - Investments are initially recorded at original cost or original donated value. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

NOTE 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 15, 2018, the date that the financial statements were available to be issued.

NOTE 3 – RELATED PARTY TRANSACTIONS

Members of DPP's Board of Directors are selected by the City and County of Denver. Eleven to fourteen members are appointed by the Mayor and one member is appointed by the City Council. All members appointed to the board must be approved by a vote of the City Council of Denver. Accordingly, all support provided by the City is a related party transaction and the contract referred to in Note 9 below with the City should be considered as negotiated with a related party.

NOTE 4 - INCOME TAXES

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3); consequently, no provision or liability for income taxes has been provided in the accompanying financial statements. Because DPP is considered a component of the City and County of Denver, it is not required to file a tax return with the Internal Revenue Service.

The Organization has adopted provisions of ASC 740-10, “Accounting for Uncertainty in Income Taxes”, which prescribes when to recognize and how to measure the financial statement effects, if any, of income tax positions taken or expected to be taken on its income tax returns, including the position that the Organization continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained.

The Organization undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by ASC 740-10. Management does not believe there to be any uncertain tax positions and has thus not recorded any related provision.

NOTE 5 – FIXED ASSETS

A summary of the fixed assets and the respective accumulated depreciation is as follows:

Description	Cost Basis	Accumulated Depreciation
Furniture and equipment	$ 29,893	$ 24,586
Leasehold improvements	26,439	21,932
Totals	$ 56,332	$ 46,518

NOTE 6 – CONCENTRATION OF RISK

CASH BALANCES: DPP maintains cash balances at one financial institution located in the Denver metropolitan area. Accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. In addition to any FDIC coverage, DPP has been notified by the State of Colorado, Department of Regulatory Agencies, Division of Banking that its deposits qualify under the Public Deposit Protection Act (“PDPA”). Under this act, all of DPP’s deposits are collateralized by an irrevocable letter of credit issued by the Federal Home Loan Bank of Cincinnati.

NOTE 6 – CONCENTRATION OF RISK (continued)

SUPPORT AND REVENUE: The City and County of Denver represents 99.87% of total support and revenue for the year December 31, 2017.

DENVER PUBLIC SCHOOLS: Denver Public Schools ("DPS") provides a significant portion of the preschool services that families select for their children. During the year ended December 31, 2017, DPP paid approximately $8,656,456 in tuition credits to Denver Public Schools. This represents approximately 66.8% of total tuition credits paid. Also as of December 31, 2017, included in accounts payable is approximately $2,439,386 of tuition credits payable to DPS. Estimated in accrued expenses is $3,837,868 attributable to DPS.

NOTE 7 – LONG TERM LEASE

DPP entered into a long term lease agreement for its office facilities. DPP is subleasing space under a Master Tenant agreement with the Denver Housing Authority ("Master Tenant"). The lease term is 5 years upon the Master Tenant's completion of the improvements as evidenced by the issuance of certificates of occupancy for the Premises and Tenant's acceptance thereof. Although the office space had only received a temporary certificate of occupancy, DPP occupied the space starting in September, 2010. In 2015, the lease was extended for two more years and in 2017, the lease was extended for another year. The lease currently requires a base monthly rent of $2,074 and will increase by 1.5% per year on the anniversary of the occupancy of the Premises.

A summary of future minimum lease payments is as follows:

Year ended December 31,	
2018	$ 6,222

In addition to the lease agreement, DPP has also entered into a joint operating agreement with the Urban Land Conservancy ("ULC"), a co-tenant in the office space. This agreement provides that DPP and ULC will pay their Pro Rata share of various joint expenses during their tenancy of the office space. These expenses include insurance premiums, utilities and janitorial services. Also, ULC will be reimbursed for the cost of sharing an office manager, who is an employee of ULC based upon a ratio of employees of each organization.

NOTE 8 – RETIREMENT PLAN

The Organization established an Internal Revenue Code §401(k) retirement plan which covers substantially all employees. The Organization matched 100% of the employees' contributions up to a maximum of 4% of the employees' compensation.

Retirement plan expense for the year ended December 31, 2017 is $14,023.

NOTE 9 – CITY AND COUNTY OF DENVER AGREEMENT

DPP entered into an agreement with the City and County of Denver to provide services under the Denver Preschool Program as provided in Article III of Chapter 11, Denver Revised Municipal Code. The term of the agreement is effective January, 2015 and subject to unilateral options by the City and County of Denver for additional one (1) year renewal options ending December 31, 2026. The final conclusive termination date shall be the date DPP has expended all of the distributions received under the agreement and will have provided a final report to the City and County of Denver. The agreement provides that the City and County of Denver will notify DPP on or about August 1 of each year if it intends not to exercise a renewal for the next year.

Funding under the agreement is made through appropriation by City Council on an annual basis. During September of each year, the Executive Director of the Denver Mayor's Office of Children's Affairs can request a supplemental appropriation of funds if it determines that the tax collections are in excess of the original appropriation for the year. Also, in May of each subsequent year, the Executive Director of the Denver Mayor's Office for Education and Children and DPP will perform a reconciliation of actual tax receipts to amounts distributed. Any over or underpayment of funds are to be settled by the following September.

The agreement also provides that no more than 7% of the distributions can be expended on administration expenses. For the year ended December 31, 2017, DPP used 3.27% of the distributions for administration expenses. The agreement does allow that any unexpended administrative funds can be carried forward to future years for use as either administrative funds or program funds. The following is a schedule of the unexpended funds as of December 31, 2017:

Unexpended funds from 2016	$ 2,368,777
G&A amount allowed for 2017	1,425,306
G&A expenses for 2017	(680,132)
Unexpended funds to 2018	$ 3,113,951

NOTE 10 – TUITION CREDITS PAYABLE

DPP qualifies applicants for up to 12 months of tuition credits. As of December 31, 2017, DPP has recorded in accrued expenses future commitments for tuition credits in the amount of $7,181,431. ASC 450 Accounting for Contingencies requires that if information is available and it indicates that it is probable that a liability had been incurred at the date of the financial statements, then the amount of the contingency be recorded based upon a reasonable estimate, if one can be determined.

The estimate is composed of two items: 1) amounts due under the contract between DPP and DPS and 2) amounts due to Community Programs. The amount due to DPS was estimated by reducing the total contract amount by the total tuition credits billed to DPP from DPS. For the Community Programs, DPP has calculated a “fulfillment” percentage based upon its experience using the historical data for awards and payments. Accordingly, included in the accrued expenses on the statement of financial position is an estimated amount of future commitments.

NOTE 11 – QUALITY IMPROVEMENT GRANTS PAYABLE

DPP will award participating agencies grants towards improving the agency’s skill level of the teachers and materials and supplies for the benefit of the children. As of December 31, 2017, DPP has recorded in accrued expenses future commitments for quality improvement grants in the amount of $1,278,840. ASC 450 Accounting for Contingencies requires that if information is available and it indicates that it is probable that a liability had been incurred at the date of the financial statements, then the amount of the contingency be recorded based upon a reasonable estimate, if one can be determined.

Each agency or, in the case of DPS, a school’s ECE Program, is awarded quality improvements credits based upon its program rating, number of DPP classrooms and the type of license the center holds. Providers must submit their completed Memorandum of Understanding to DPP by August 31st in order to access quality improvement resources.

NOTE 12 – LONG TERM CONTRACTS

DPP has entered into various contracts with vendors to provide services on behalf of DPP. These contracts terminate from December, 2018 through August, 2020. A Summary of the estimated future payments under these agreements are as follows:

	AMOUNT
Payments due for the year ended December 31,	
2018	$ 3,207,899
2019	1,091,622
2020	475,195
Total	$ 4,774,716

These contracts do allow for upward or downward adjustments or termination due to the service provider not attaining certain performance standards, if an increase or reduction in scope of services is needed or if funding from the City is reduced.

NOTE 13 – BOARD DESIGNATED FUNDS

During 2017, the Board of Directors approved a Designated Fund for the purpose of funding scholarships for the T.E.A.C.H.® scholarships ("TEACH") and for the initial investment in a Child Development Associate (CDA™)Credential Scholarship Program.

T.E.A.C.H.® scholarships: DPP will provide a scholarship which will pay for 90% of tuition, textbooks and a stipend for the recipient continued employment at the early childhood program where the recipient is employed.

Child Development Associate Credential: DPP will provide financial aid for persons in the early childhood education field to earn Colorado Early Childhood Teacher qualification through a) professional development, b) Portfolio, c) Exam and d) Observation.

As of December 31, 2017, the amount set aside by the Board is $340,000.

NOTE 14 – CASH FLOWS

The following is an analysis of the changes in certain assets and liabilities:

	UN-RESTRICTED	TEMPORARILY RESTRICTED
ASSETS (increase) decrease		
Receivables	$ 4,996	$ -
Prepaid expenses	12,711	-
LIABILITIES increase (decrease)		
Accounts payable	(337,371)	-
Accrued expenses	1,122,908	-
	$ 793,252	$ -

NOTE 15 - FAIR VALUE MEASUREMENTS

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
Cash	$ 22,458,392	$ 22,458,392	$ 0	$ 0
Property & Equipment	4,900	0	0	4,900
Financial Liabilities:				
Accounts payable	3,597,965	0	0	3,597,965
Accrued expenses	8,472,581	0	0	8,472,581

Financial assets valued using level 1 inputs are based on quoted market prices within active markets. Financial assets and liabilities valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities valued using level 3 inputs were valued using management's assumptions about what market participants would utilize in pricing the asset or liability. For receivables and payables, the carrying amount is a reasonable estimate of fair value due to the relatively short period of time between origination and collection or payment.

Denver Preschool Program
Management Discussion and Analysis

The Denver Preschool Program (DPP) focused much of its efforts in 2017 operationalizing its 2017-2021 strategic plan that was approved in late 2016. The organizational structure evolved during first quarter with the creation of a Deputy Director position to oversee key program areas and work in partnership with the CEO to develop new initiatives that will strengthen the organization's ability to fulfill its role in helping Denver fulfill its commitment to its youngest learners. Over $12 million was distributed through tuition credits that supported 4,714 students who attended preschool during the 2016-2017 school year and 4,249 more students who began preschool in the 2017-2018 school year. Overall, $2.4 million was invested in quality improvement strategies in 2017 to support the DPP provider network of just over 250 programs and the approximately 1,500 teachers and directors as they work to turn Denver's preschoolers into leaders. Much of the increase in DPP's quality improvement investment was dedicated to increasing the number of coaching hours available to programs and incentivizing directors and teachers to take advantage of those hours through achievement awards.

Throughout 2017, the DPP Board of Directors and staff worked with key community members to examine the DPP tuition credit scale and make improvements to it that will better support Denver parents of 4-year-olds and respond to Denver's changing demographics. The tuition credit scale comprises approximately two-thirds of DPP's program budget and is designed so that families with the greatest financial need who have a child attending a preschool of the highest quality will receive the most tuition support. Beginning with the 2018-2019 program year, Denver's tuition credit scale will increase by 10.7 percent and do more to support Denver's most vulnerable families and those who are approaching self-sufficiency. Additional changes to the scale better reflect the actual cost of quality in Denver and rewards providers for making the critical jumps in quality from Level 2 to a Level 3 in Colorado Shines and from Level 4 to Level 5.

Operational highlights in 2017 include the release of a Request for Proposal for managing the organization's enrollment and customer service activities. Following a competitive review process, the organization awarded the contract to MetrixIQ, a Denver organization that has been leading this effort for the past five years. DPP continued implementing its Quality Assurance Program that assesses a randomly selected sample of programs over the course of a program year to ensure that DPP's enrollment, attendance, payment and quality improvement policies are being implemented to fidelity and identify where improvement is needed. In 2018, DPP will be hosting required meetings with all contracted preschool providers to clarify the policies in which implementation errors were found including accurate attendance tracking, clarification around part-, full- and extended-day definitions and the use of income and/or residential affidavits as proof of income or residence.

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Looking ahead to 2018, DPP is committed to evaluating its internal capacity and making any needed adjustments to enable it to achieve the goals set out in the 2017-2021 strategic plan; reviewing and strengthening its internal controls and processes; and evaluating and refining how it delivers on its work to make quality preschool possible for every Denver 4-year-old regardless of their family income or the neighborhood in which they live. These efforts include working with our community partners to find Denver 4-year-olds who are not attending preschool, and understanding and addressing the barriers that keep families from participating in the program; deepening our quality improvement efforts to ensure every preschool classroom in a contracted provider benefits from our quality improvement efforts; and expanding our space to create a training center for Denver's early childhood community.

DPP finished 2017 with an operational reserve on target with maintaining a six-month operating reserve and enough in excess to invest in the continued operationalizing of the 2017-2021 strategic plan.

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