DENVER PRESCHOOL PROGRAM, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2020

TABLE OF CONTENTS

GC2 Professional Services PC
Certified Public Accountants

12367 E. Cornell Ave.
Aurora, CO 80014
Tele: (303) 337-4288
Fax: (303) 337-4282
www.gc2cpa.com

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, 2020, 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, 2020, 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 20, 2021

DENVER PRESCHOOL PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL ALL
CASH AND CASH EQUIVALENTS	$ 23,037,076	$ -	$ 23,037,076
PREPAID EXPENSES	25,413	-	25,413
FIXED ASSETS, at cost, net	291,289	-	291,289
RIGHT TO USE ASSETS - Operating Leases, net	130,312	-	130,312
TOTAL ASSETS	$ 23,484,090	$ -	$ 23,484,090
LIABILITIES AND NET ASSETS			
ACCOUNTS PAYABLE	$ 4,065,244	$ -	$ 4,065,244
ACCRUED EXPENSES	22,007	-	22,007
OPERATING LEASE LIABILITY	130,312	-	130,312
	4,217,563	-	4,217,563
NET ASSETS			
Undesignated	1,975,527	-	1,975,527
Board designated	17,291,000	-	17,291,000
	19,266,527	-	19,266,527
TOTAL LIABILITIES & NET ASSETS	$ 23,484,090	$ -	$ 23,484,090

DENVER PRESCHOOL PROGRAM, INC.
STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL ALL
Support and Revenue			
Government contract revenue	$ -	$ 20,721,993	$ 20,721,993
Investment income, net	35,735	-	35,735
Public support	414	-	414
Net assets released from restrictions	20,721,993	(20,721,993)	-
Total support and revenue	20,758,142	-	20,758,142
Expenses			
Program	20,047,229	-	20,047,229
General & administration	1,085,309	-	1,085,309
Total expenses	21,132,538	-	21,132,538
CHANGES IN NET ASSETS	(374,396)	-	(374,396)
NET ASSETS, beginning	19,640,923	-	19,640,923
NET ASSETS, ending	$ 19,266,527	$ -	$ 19,266,527

DENVER PRESCHOOL PROGRAM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL ALL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	$ (374,396)	$ -	$ (374,396)
Adjustments to reconcile net cash provided by operating activities:			
Depreciation	120,636	-	120,636
Change in certain assets and liabilities	(975,759)	-	(975,759)
Cash flows from operating activities	(1,229,519)	-	(1,229,519)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Fixed assets addition	(12,237)	-	(12,237)
	(12,237)	-	(12,237)
CASH FLOWS FROM FINANCING ACTIVITIES:			
None	-	-	-
	-	-	-
NET CHANGE IN CASH	(1,241,756)	-	(1,241,756)
CASH, beginning	24,278,832	-	24,278,832
CASH, ending	$ 23,037,076	$ -	$ 23,037,076

Ending cash will be applied to future programing and general & administration costs.

DENVER PRESCHOOL PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM	GENERAL & ADMINISTRATION	TOTAL
Parent tuition credit	$ 15,309,758	$ -	$ 15,309,758
Quality improvement*	2,782,462	-	2,782,462
Parent eligibility	693,000	-	693,000
Evaluation	624,694	-	624,694
Salaries	-	568,758	568,758
Community outreach	554,602	-	554,602
Professional fees	24,525	120,857	145,382
Depreciation	-	120,636	120,636
Employee benefits	-	92,406	92,406
Rent and utilities	-	60,979	60,979
Outside services	58,188	-	58,188
Taxes, payroll	-	40,327	40,327
Training, books & subscriptions	-	19,946	19,946
Insurance	-	16,389	16,389
Meetings	-	10,633	10,633
Equipment expense	-	9,774	9,774
Computer expense - in house	-	8,445	8,445
Telephone, telecommunications	-	7,439	7,439
Supplies	-	5,548	5,548
Payroll processing	-	1,520	1,520
Postage, mailing service	-	905	905
Automobile expenses	-	586	586
Printing and copying	-	161	161
	$ 20,047,229	$ 1,085,309	$ 21,132,538

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

-The Accompanying Notes Are An Integral Part Of These Financial Statements-

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 two classes of net assets:

1. **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 DPP’s management and the Board of Directors.
2. **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 DPP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

   Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities

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

CLASSIFICATION OF TRANSACTIONS – All revenues and net gains are reported as increases in net assets without donor restriction in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on donor restricted investments are reported as decreases in net assets without donor restrictions. Net gains on restricted investments increase net assets with donor restrictions, and net losses on restricted investments reduce that net asset class.

CONTRIBUTIONS – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of 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 statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-kind contributions are recorded as revenue and expense at their estimated fair value at the date of donation. Such donations are reported as support without donor restriction unless the donor has restricted the donated asset to a specific purpose.

DONATED SERVICES - In accordance with ASC 958, contributions of services are recognized only if the services received either (a) create or enhance non-financial assets or (b) involve specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

EXPENSE RECOGNITION AND ALLOCATION - The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. For the year ended December 31, 2020, all costs were recorded either as program costs or general & administration costs.

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 3 to 7 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.

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 – RELATED PARTY TRANSACTIONS

Members of DPP's Board of Directors are selected by the City and County of Denver. Ten to fourteen members are appointed by the Mayor and in addition, 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 10 below with the City should be considered as negotiated with a related party.

DPP has entered into a lease agreement to rent its offices which are located in a building in which the Housing Authority of the City and County of Denver is the Master Tenant/Landlord. See Note 8 below for a summary of the lease.

NOTE 3 – SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 20, 2021, the date that the financial statements were available to be issued.

NOTE 4 – COVID-19

On January 30, 2020, the World Health Organization declared the novel coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. In April 2020, the Organization approved a COVID-19 Recession Planning Framework along with a proposed immediate budget reduction in anticipation of a decrease in sales tax revenue. Management continues to monitor the situation, to assess further possible implications to operations, and to take actions in an effort to mitigate adverse consequences. The effects of the pandemic on business are continually fluctuating.

NOTE 5 - 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 6 – RETIREMENT PLAN

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

Retirement plan expense for the year ended December 31, 2020, is $22,511.

NOTE 7 – CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents is as follows:

Demand deposits	$ 911,319
Money market account	5,495,290
Insured cash sweep account	16,630,467
Total	$ 23,037,076

NOTE 8 – FIXED ASSETS AND RIGHT TO USE ASSETS

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

Description	Cost Basis	Accumulated Depreciation	Net Book Value
Furniture and equipment	$ 59,669	$ 19,929	$ 39,740
Leasehold improvements	493,783	242,234	251,549
Totals	$ 553,452	$ 262,163	$ 291,289

A summary of the right to use assets and the respective accumulated amortization is as follows:

Description	Cost Basis	Accumulated Depreciation	Net Book Value
Office lease	$ 269,178	$ 142,392	$ 126,786
Office equipment	10,490	6,964	3,526
Totals	$ 279,668	$ 149,356	$ 130,312

NOTE 9 – LONG TERM LEASES

OPERATING LEASES

OFFICE LEASE – DPP has entered into an agreement to lease its office. The lease term is to expire on March 31, 2023. The rent under the lease is calculated using a base monthly rent of $4,574. The base rent is increased 1.5% per year on the anniversary of the occupancy of the premises, April 1, 2018. In addition to the base monthly rent, DPP is also required to pay its share of pro rata utilities and all charges, maintenance and repair expenses or impositions of any kind charged. Any time after the first year of the term, the Landlord has the option to terminate the Lease with or without cause and without penalty or the charge of a termination fee by giving a 180-day notice. However, the Landlord is required to reimburse DPP for all reasonable expenses and, including attorney fees, and out-of-pocket expenses related to the relocation of DPP to other premises and for the unamortized portion of DPPs improvements costs paid by DPP using a 5-year straight-line amortization. The present value of the lease was calculated using a 2% discount rate.

OFFICE EQUIPMENT LEASE – DPP has entered into an agreement to lease a copier. The lease expires in February 2022. The lease requires a monthly payment of $270. The present value of the lease was calculated using a 11.275% discount rate.

The minimum future lease payments for all operating leases as of December 31, 2020, are as follows:

December 31,	
2021	$ 60,420
2022	58,578
2023	14,563
Total payments before discount	133,561
Discount adjustment	(3,249)
Total discounted future payments	130,312
Less: current portion	58,140
Long term portion	$ 72,172

OTHER INFORMATION: Lease costs reported in the statement of activities are as follows:

Operating lease costs are included in the following line items:	
Rent and utilities	$ 56,335
Equipment expense	3,240
Total	$ 59,575
Additional information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 59,575
Weighted average of remaining lease term from operating leases	2.2 years
Weighted average discount rate for operating leases	2.23%

NOTE 10 – BOARD DESIGNATED FUNDS

EDUCATOR SCHOLARSHIPS – The Board of Directors approved a Designated Fund in 2017 for the purpose of funding scholarships for the Educator Scholarship Fund.

DPP will provide a scholarship through various models to support the needs of DPP educators.

DPP SCHOLARSHIPS – The DPP Scholarship Pilot was approved in 2019 to address affordability of preschool and better support to Denver's lowest-income families.

Scholarships are designed for families living at or below 300 percent of the federal poverty line, spending more than 7 percent of their income on preschool tuition, attend 5 or more hours per day (25 hours per week) at preschool, and are not receiving other public funding.

REIMAGINING FUNDS – The Reimagining Fund was approved in July 2020 to support and identify current barriers, opportunities, and near-term priorities as it relates to the COVID-19 pandemic. Current projects include expanding the website to serve multiple languages, launching a distance learning pilot to support preschool infrastructure, deploying strengthening grants to DPP preschools, and supporting family childcare homes with their general liability insurance premiums.

DESIGNATED RESERVES - On February 18, 2020, the Board of Directors approved a 2020 Board-Designated Reserve Policy. That policy is reflected in the financial statements effective January 1, 2020. The policy includes administrative reserves, programmatic reserves as well as a 2027 reserves designation. The sum of the reserves designations is meant to support the organization in the event of significant revenue decrease as well as close out the program year in 2027 should DPP funding is not renewed in 2026.

An analysis of the Board Designated Funds are as follows:

PURPOSE	BALANCE AS OF DECEMBER 31, 2020
DPP Scholarship	$ 3,118,000
Educator Scholarships	95,000
Reimagining Funds	578,000
Designated Reserves	13,500,000
	$ 17,291,000

NOTE 11 – 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 of Children's Affairs 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, 2020, DPP used 5.15% 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 administrative funds as of December 31, 2020:

Unexpended funds from 2019	$ 3,875,584
G&A amount allowed for 2020	1,450,540
G&A expenses for 2020	(1,085,309)
Unexpended funds to 2021	$ 4,240,815

NOTE 12 – 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.

SUPPORT AND REVENUE: The City and County of Denver represents 99.8% of total support and revenue for the year December 31, 2020.

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, 2020, DPP paid to DPS approximately $7,725,000 in tuition credits and $470,000 in quality improvement expenses. This represents approximately 48.5% of total tuition credits and 16.9% in quality improvement expenses. Also, as of December 31, 2020, included in accounts payable is approximately $2,610,000 of tuition credits payable to DPS. This represents approximately 65.9% of accounts payable.

NOTE 13 – AVAILABILITY AND LIQUIDITY

The following represents DPP's financial assets at December 31, 2020:

Financial assets at year-end:	
Cash and cash equivalents	$ 23,037,076
Total financial assets	23,037,076
Less amounts not available to be used within one year:	
Net assets with donor restrictions	0
Less net assets with purpose restrictions to be met in Less than a year	0
	0
Financial assets available to meet general expenditures over the next twelve months	$ 23,037,076

As part of its liquidity plan, excess cash is invested in money market accounts and an insured cash sweep account.

An allocation of the financial assets are as follows:

Total financial assets		$ 23,037,076
Board designated	$ 17,291,000	
Total financial assets designated		17,291,000
Financial assets available for day-to-day Program and operational expenses		$ 5,746,076

NOTE 14 – LONG-TERM CONTRACTS

DPP has entered into various contracts with vendors to provide services on behalf of DPP. These contracts terminate during 2021. The estimated amount of the future payments under these agreements are $2,349,058.

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 or eliminated.

NOTE 15 – CASH FLOWS

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

	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION
ASSETS (increase) decrease		
Receivables	$ 4,144	$ -
Prepaid expenses	30,415	-
LIABILITIES increase (decrease)		
Accounts payable	(1,013,445)	-
Accrued expenses	3,127	-
	$ (975,759)	$ -

Denver Preschool Program
Management Discussion and Analysis

The Denver Preschool Program is a nonprofit organization funded through Denver City and County sales tax revenue first approved by voters in 2006 and again in 2014. The Denver Preschool Program supports families by offering universal tuition credits to offset the cost of preschool. The organization also works to improve the quality of preschool in Denver, conducts outreach to and engages with families and providers, and evaluates student progress. The Denver Preschool Program remains financially sound, and is steadfast in maintaining an ongoing evaluation of its management practices to ensure it continues as a strong and viable organization into the future.

The 2020 calendar year saw many challenges due to the COVID-19 pandemic and ensuing social unrest. The organization prioritized how to use available resources to more deeply support the Denver Preschool Program's preschool providers and families during these times of uncertainty and instability. Despite the pandemic, the Denver Preschool Program Board of Directors and staff members stayed constant and were able to move quickly to implement budget adjustments that allowed the organization to provide continuity of services to schools and families. Key highlights of 2020 include:

- Successfully navigating the first year of the COVID-19 pandemic
- Reallocating funding to best support preschool providers and families
- Providing continuity of services through the support of the organizations strong reserves

The Denver Preschool Program provided **$15,309,758** in tuition credits, which were paid directly to providers on behalf of each family and then deducted from the families' tuition bills. These tuition credits supported 4,877 students who attended preschool during the 2019-2020 school year and 3,750 additional students who began preschool in the 2020-2021 school year. The organization proudly invested **$2,782,462** in quality improvement supports to more than 250 preschools. These quality improvement dollars provided schools with funding for teacher and director professional development, coursework, coaching, scholarships and classroom materials, helping to ensure that Denver preschoolers receive a high-quality education.

Financial Management

The Denver Preschool Program continued its record of strong financial management despite the COVID-19 pandemic. Following the recommendation of the City Audit in 2019, the Denver Preschool Program Board of Directors approved a Board-Designated Reserves Policy and an Investment Policy. Thanks to the foresight to create reserves, the organization was financially strong and able to ensure consistent levels of support to both preschool providers and families throughout the pandemic. The Denver Preschool Program closely monitored revenue projections and economic forecasts that impacted the city sales tax. In addition, the organization quickly adjusted all expenses and reallocated funding to the new areas of need. This proactive and nimble approach allowed the organization to maintain financial stability while deepening impact for preschools and families.

Planning for a Better Future

The COVID-19 pandemic continues to disrupt all facets of life. In March 2020, the Denver Preschool Program pivoted quickly to ensure its preschool providers and families remained supported throughout the pandemic. Providers had new needs, from cleaning supplies and personal protective equipment to additional funding needs to be able to keep their doors open despite low enrollment. Families needed flexibility, including the allowance to miss additional days due to quarantining when necessary, as well as remote preschool options.

The Denver Preschool Program responded to the COVID-19 pandemic by managing the immediate crisis and then developing pilot projects that addressed the new community needs. It is clear that the future will require the organization to reimagine the ways in which its funding could be effectively delivered to preschool providers and families. With overall preschool enrollment down, the amount of tuition credit funding going out the door decreased. The piloted projects provided the opportunity to reallocate unspent tuition credit funding in different ways. This included a Distance Learning Pilot, the restructured DPP Scholarship and a series of grant dollars paid directly to preschool providers. Through a combination of these efforts, the Denver Preschool Program helped preschools keep their doors open to allow for families to have safe and reliable child care, allowing them to continue to work.

2021 and Beyond

Looking ahead to 2021, the Denver Preschool Program remains committed to its values of **access for all; informed choice; high-quality, intentional inclusivity; and leadership in action**. These efforts include leaning into the big challenges and opportunities that the Denver community faces, including continued low enrollment at preschool providers and the ongoing presence of the virus, while deepening the focus on the new needs that have arisen.

Internally, the Denver Preschool Program is deepening its Equity, Diversity and Inclusion values by examining programmatic approaches, policies and procedures, and ultimately developing a sharper focus on racial equity. In addition, with its current strategic plan ending in 2021, the organization has started work on a strategic plan refresh, with an emphasis on equity. This plan will serve as a guide to ensure that the families it supports continue to be able to provide their children with the benefits associated with high-quality early childhood education as well as fulfill Denver Preschool Program's vision to expand to include 3-year old children.

Throughout 2021 and beyond, this small but mighty organization will continue to strive to realize the vision of every Denver child entering kindergarten ready to reach their full potential.

Staff
As of 12/31/2020

Elsa Holguín
President and CEO

Michelle Blubaugh
Office Manager

Ellen Braun
Chief Operating Officer

Dr. Marina Mendoza
Director of Enrollment and Evaluation

Chris Miller
Director of Quality Initiatives

Tricia Nelson
Director of Communications