BUILDING BRIGHT FUTURES STATE ADVISORY COUNCIL, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

JMM & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

BUILDING BRIGHT FUTURES STATE ADVISORY COUNCIL, INC.

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JUNE 30, 2024 AND 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Building Bright Futures State Advisory Council, Inc.
Williston, Vermont

Opinion

We have audited the accompanying financial statements of Building Bright Futures State Advisory Council, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2024 and 2023, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Building Bright Futures State Advisory Council, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Building Bright Futures State Advisory Council, Inc. and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Responsibilities of Management 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.

Responsibilities of Management for the Financial Statements (continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 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 Building Bright Futures State Advisory Council, Inc.'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Building Bright Futures State Advisory Council, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with 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 financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards,* and is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated February 5, 2025 on our consideration of Building Bright Futures State Advisory Council, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Building Bright Futures State Advisory Council, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Building Bright Futures State Advisory Council, Inc.'s internal control over financial reporting and compliance.

JMM & Associates

March 11, 2025

BUILDING BRIGHT FUTURES STATE ADVISORY COUNCIL, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

A S S E T S

	2024	2023
CURRENT ASSETS		
Cash - unrestricted	$ 1,078,341	$ 182,681
Cash - restricted	1,750	1,750
Grants receivable	290,388	234,359
Current portion of pledges receivable	75,000	145,000
Prepaid expenses	-	2,600
TOTAL CURRENT ASSETS	1,445,479	566,390
PROPERTY AND EQUIPMENT		
Furniture and equipment	60,657	60,657
Website in progress	80,020	32,675
	140,677	93,332
Less accumulated depreciation	(52,394)	(47,237)
TOTAL PROPERTY AND EQUIPMENT	88,283	46,095
OTHER ASSET		
Pledges receivable, net of current portion	-	10,000
Right-of-use asset, net of accumulated amortization	20,580	50,726
Security deposit	3,500	3,500
TOTAL OTHER ASSET	24,080	64,226
TOTAL ASSETS	$ 1,557,842	$ 676,711

See accompanying notes.

L I A B I L I T I E S A N D N E T A S S E T S

	2024	2023
CURRENT LIABILITIES		
Accounts payable	$ 36,320	$ 19,410
Grants payable	73,932	-
Accrued payroll	24,074	12,582
Accrued vacation	12,014	-
Deferred revenue	333,594	-
Current portion of lease liability	20,580	30,000
Fiscal agent liability	1,750	1,750
TOTAL CURRENT LIABILITIES	502,264	63,742
LONG-TERM LIABILITIES		
Lease liability, net of current portion	-	20,726
TOTAL LONG-TERM LIABILITIES	-	20,726
TOTAL LIABILITIES	502,264	84,468
NET ASSETS		
Net assets without donor restrictions	849,410	386,603
Net assets with donor restrictions	206,168	205,640
TOTAL NET ASSETS	1,055,578	592,243
TOTAL LIABILITIES AND NET ASSETS	$ 1,557,842	$ 676,711

See accompanying notes.

BUILDING BRIGHT FUTURES STATE ADVISORY COUNCIL, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Government grants	$ 2,357,367	$ 951,659
Contributions and foundation grants	280,180	18,919
Rental income	-	16,965
Interest income	3,300	352
	2,640,847	987,895
Net assets released from restrictions	232,414	376,091
TOTAL SUPPORT AND REVENUE	2,873,261	1,363,986
EXPENSES		
Program services	2,240,768	1,230,371
General and administrative	169,686	88,237
TOTAL EXPENSES	2,410,454	1,318,608
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	462,807	45,378
BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS	386,603	341,225
ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 849,410	$ 386,603
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Foundation grants	$ 232,942	$ 313,100
Net assets released from restrictions	(232,414)	(376,091)
TOTAL SUPPORT AND REVENUE	528	(62,991)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	528	(62,991)
BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	205,640	268,631
ENDING NET ASSETS WITH DONOR RESTRICTIONS	$ 206,168	$ 205,640
TOTAL CHANGE IN NET ASSETS	$ 463,335	$ (17,613)

See accompanying notes.

BUILDING BRIGHT FUTURES STATE ADVISORY COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2024

FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	Total Program Services	General & Admini-strative	2024 Total	2023 Total
Salaries and wages	$ 1,171,968	$ 74,807	$ 1,246,775	$ 774,979
Benefits	178,118	11,370	189,488	145,124
Payroll taxes	93,971	5,998	99,969	60,152
Subtotal - personnel costs	1,444,057	92,175	1,536,232	980,255
Grants to others	405,615	-	405,615	-
Contracted services	222,231	8,076	230,307	71,813
Occupancy	20,380	21,901	42,281	42,164
Technology	30,363	2,140	32,503	2,511
Regional Council support	29,488	-	29,488	130,868
Telephone	12,713	13,035	25,748	17,869
Travel	24,150	-	24,150	11,552
Staff development and meetings	15,147	4,259	19,406	9,846
Office expense	8,903	3,586	12,489	18,112
Program expenses	12,301	-	12,301	-
Insurance	1,998	9,792	11,790	8,731
Memberships and dues	5,544	5,041	10,585	9,354
Advertising	2,313	3,820	6,133	9,171
Depreciation	-	5,861	5,861	2,681
Equipment rental	5,565	-	5,565	3,681
TOTAL EXPENSES	$ 2,240,768	$ 169,686	$ 2,410,454	$ 1,318,608

See accompanying notes.

BUILDING BRIGHT FUTURES STATE ADVISORY COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2023

FOR THE YEAR ENDED JUNE 30, 2023

	Total Program Services	General & Admini-strative	2023 Total
Salaries and wages	$ 729,459	$ 45,520	$ 774,979
Benefits	136,600	8,524	145,124
Payroll taxes	56,619	3,533	60,152
Subtotal - personnel costs	922,678	57,577	980,255
Regional Council support	130,868	-	130,868
Contracted services	61,691	10,122	71,813
Occupancy	36,050	6,114	42,164
Office expense	15,486	2,626	18,112
Telephone	15,278	2,591	17,869
Travel	11,552	-	11,552
Staff development and meetings	9,846	-	9,846
Memberships and dues	9,354	-	9,354
Advertising	3,158	6,013	9,171
Insurance	8,218	513	8,731
Equipment rental	3,681	-	3,681
Depreciation	-	2,681	2,681
Technology	2,511	-	2,511
TOTAL EXPENSES	$ 1,230,371	$ 88,237	$ 1,318,608

See accompanying notes.

BUILDING BRIGHT FUTURES STATE ADVISORY COUNCIL, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from government grants	$ 2,634,932	$ 868,285
Cash received from contributions and foundation grants	593,122	332,019
Other operating receipts	-	16,965
Interest and dividends	3,300	352
Cash paid for salaries and benefits	(1,512,726)	(978,625)
Cash paid to suppliers for goods and services	(775,623)	(412,478)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	943,005	(173,482)
CASH FLOWS FROM BY INVESTING ACTIVITIES		
Purchases of property and equipment	(47,345)	(31,807)
NET CASH USED BY INVESTING ACTIVITIES	(47,345)	(31,807)
INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	895,660	(205,289)
BEGINNING CASH AND RESTRICTED CASH	184,431	389,720
ENDING CASH AND RESTRICTED CASH	$ 1,080,091	$ 184,431
AS REPORTED IN THE STATEMENTS OF FINANCIAL POSITION		
Cash - unrestricted	$ 1,078,341	$ 182,681
Cash - restricted	1,750	1,750
	$ 1,080,091	$ 184,431

See accompanying notes.

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations and activities

Building Bright Futures State Advisory Council, Inc. (Building Bright Futures or the Council) was established as a nonprofit organization in July 2011 to serve as Vermont's early childhood public-private partnership established by law to monitor the state's early care, health and education systems and to advise the state governor and legislature on policy and systems improvements. The Council operates as a backbone organization for collective impact at the state and local level by convening stakeholders and community members with a common goal of meeting the diverse needs of all Vermont children and families. The Council receives support and revenue primarily from federal and state grants and foundation support.

Program description

Building Bright Futures has 12 regions throughout Vermont that align with the Agency of Human Services districts. Each regional early childhood council, supported by one of Building Bright Futures' Regional Council Coordinators, brings together community members committed to young children and families. Councils are guided by a Regional Action Plan, and identify annual priority actions based on community needs and gaps. The Regional Councils also advise Building Bright Futures State Advisory Council, Inc. on opportunities to strengthen both local and statewide systems of care, health and education.

Building Bright Futures State Advisory Council, Inc. brings together early childhood leaders and decision makers from across sectors to better coordinate and enhance services for young children. In order to meet its charge to advise the Governor and Legislature, the Council identifies early childhood policy priorities each year, and develops annual recommendations around these priorities.

The State of Vermont's Children is an annual report that provides an objective, data-driven assessment of the state of young child and family well-being in Vermont, as well as progress on selected indicators and outcomes for the early care, health and education system, and recommendations on how best to improve child and family well-being.

Building Bright Futures coordinates implementation of Vermont's Early Childhood Action Plan. The Action Plan represents common goals for Vermont's children and families, creating a pathway for collective action to make those goals a reality.

Income taxes

Building Bright Futures State Advisory Council, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except on net income derived from unrelated business activities. The Council has been granted public charity status for contributions. The Council believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising costs are charged to expense when incurred.

Financial statement presentation

Building Bright Futures reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions

Contributions received are recorded as support with donor restrictions or support without donor restrictions depending on the existence and/or nature of any donor restrictions.

Recognition of 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 period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas. Indirect expenses are allocated based on estimates of personnel time for the related services. The Council did not incur any fundraising expenses for the years ended June 30, 2024 or 2023.

Property and equipment

Property and equipment is stated at cost at the date of acquisition or estimated fair value at the date of the gift. Acquisitions with a value of $2,000 or more and a useful life exceeding one year are capitalized. Donated property and equipment is reported as a change in net assets without donor restrictions 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 a change in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed using the straight-line method over the estimated useful lives of the underlying assets. The cost of maintenance and repairs is charged to expense as incurred.

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassification

Certain amounts in the 2023 financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Amounts previously reported as grants receivable have be reclassified as pledges receivable.

Cash and cash equivalents

For purposes of the Statements of Cash Flows, the Council considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Amounts at each bank are guaranteed by the Federal Deposit Insurance Corporation up to $250,000 per depositor per bank. Amounts on deposit in excess of the FDIC limit were approximately $835,000 and $0 as of June 30, 2024 and 2023, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated materials and services

Donated materials, when received, are reflected as contributions at their estimated fair value on the date of receipt.

The Council recognizes contributed professional services if the services rendered (a) create or enhance long-lived assets or (b) require specialized skills, and would typically need to be purchased if not provided by donation. No amounts have been recorded in the financial statements as there were no items that met the established criteria.

Provision for credit losses and adoption of new accounting standard

On July 1, 2023, Building Bright Futures adopted Accounting Standards Update (ASU) 2016-13 *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. ASU 2016-13 requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The adoption had no effect on the net assets as of July 1, 2022.

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

If a contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

Building Bright Futures has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

Building Bright Futures has elected to use the practical expedient to not separate lease and non-lease components for all leases and has elected to use the risk-free rate to determine the discount rate for all leases.

Building Bright Futures has elected the option to separate right-of-use assets and lease liabilities for operating leases from right-of-use assets and lease liabilities for financing leases on the Statements of Financial Position.

Building Bright Futures has adopted a capitalization policy of $10,000 for all long-term leases and has elected not to use the portfolio approach to record similar leases.

2) RESTRICTED CASH

Building Bright Futures retains a deposit from the Vermont Federation for Families for Children's Mental Health (the Federation) as half the total rent deposit that was given as a security deposit to the landlord. The Federation shared space with the Council until June 30, 2023.

3) LIQUIDITY

Building Bright Futures regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also managing its funds to provide interest income. The Council has various sources of liquidity at its disposal, primarily cash and receivables.

3) LIQUIDITY (continued)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Council considers all expenditures related to its ongoing program and support activities to be general expenditures.

The majority of contributions received by the Council are intended to be used for general operations; some donations are restricted to specific purposes within general operations.

As of June 30, 2024 and 2023, the following table shows the financial assets held by Building Bright Futures and the amounts of those financial assets which could readily be made available within one year of the dates of the Statements of Financial Position to meet general expenditures:

	2024	2023
Financial assets at year-end:		
Cash - unrestricted	$ 1,078,341	$ 182,681
Cash - restricted	1,750	1,750
Grants receivable	290,388	234,359
Pledges receivable	75,000	155,000
Total financial assets	1,445,479	573,790
Less amounts not available to meet general expenditures over the next 12 months:		
Cash - restricted	(1,750)	(1,750)
Deferred revenue	(333,594)	-
Net assets with donor restrictions	(206,168)	(205,640)
Financial assets available to meet general expenditures over the next 12 months	$ 903,967	$ 366,400

4) PLEDGES RECEIVABLE

Unconditional promises to give (pledges receivable) are recognized as support in the period received and as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Promises to give are expected to be received as follows:

	2024	2023
Less than one year	$ 75,000	$ 145,000
Two to five years	-	10,000
	$ 75,000	$ 155,000

4) PLEDGES RECEIVABLE (continued)

Pledges receivable are recorded in the Statements of Financial Position as follows as of June 30:

	2024	2023
Current	$ 75,000	$ 145,000
Noncurrent	-	10,000
	$ 75,000	$ 155,000

No allowance was deemed necessary by management as all pledges receivable are considered collectible. Management has deemed the discount to net present value to be immaterial.

5) GRANTS RECEIVABLE

Grants receivable represent amounts due from grantors in less than one year. Due to the current nature, no allowance is deemed necessary. Grants receivable from the government were 96% and 100% of total grants receivable as of June 30, 2024 and 2023, respectively.

6) WEBSITE IN PROGRESS

Website in progress consisted of website design and development that were not completed as of year end.

7) GRANTS PAYABLE

Grants payable are passthrough payments due to subrecipients for the Preschool Development Grant.

8) DEFERRED REVENUE

Deferred revenue consists of unspent funds from a conditional grant, for which the conditions had not been met as of year-end.

9) RETIREMENT PLAN

Building Bright Futures implemented a SIMPLE IRA retirement plan for eligible employees starting in fiscal year 2023. The Council matches employee contributions up to 3% of the employee's salary. Retirement expenses were $25,898 and $28,183 for the years ended June 30, 2024 and 2023, respectively.

10) CONCENTRATION OF REVENUE

In 2024 and 2023, the Council received a substantial portion of funding through government funding. Grant revenues from the government were 82% and 73% of total support and revenue for the years ended June 30, 2024 and 2023, respectively.

11) REVENUE FROM CONTRACTS WITH CUSTOMERS

Building Bright Futures receives revenue to conduct outreach and public education events. The contract requires the Council to provide data on its activities on a quarterly basis. Revenue is recognized on a quarterly basis when data is provided. Revenues received from this contract were $0 and $15,000 for the years ended June 30, 2024 and 2023, respectively. Contract revenue is included in the government grants line on the Statements of Activities.

Contracts receivable consisted of the following at June 30:

	2024	2023
Beginning of year	$ -	$ 15,000
End of year	$ -	$ -

There were no contract assets and no liabilities as of the beginning or end of fiscal years 2024 or 2023.

12) RIGHT-OF-USE ASSET, LEASE LIABILITY AND OPERATING LEASE

Effective April 5, 2017, Building Bright Futures State Advisory Council, Inc. entered into a five-year lease for office space in Williston, Vermont. In February 2022, the lease term was extended through February 25, 2025. In January 2025, the Organization signed an amended lease agreement for the same office space with a three-year term ending February 28, 2028. The amended lease requires monthly payments of $2,600. Rent expenses were approximately $36,000 and $34,000 for the years ended June 30, 2024 and 2023, respectively. The Council subleased a portion of the space to a nonprofit on a month-to-month basis until June 30, 2023. Sublease income was $0 and $16,965 for the years ended June 30, 2024 and 2023, respectively. The sublease was discontinued as of June 30, 2023.

Right-of-use asset consisted of the following at June 30:

	2024	2023
Right-of-use asset, cost	$ 80,026	$ 80,026
Less accumulated amortization	(59,446)	(29,300)
	$ 20,580	$ 50,726

12) RIGHT-OF-USE ASSET, LEASE LIABILITY AND OPERATING LEASE (continued)

Future minimum lease payments for long-term leases are based on the terms of the underlying agreements for each lease and are as follows for the years ending June 30:

2025	$ 21,000
Less discount to net present value	(420)
	20,580
Less current portion	(20,580)
	$ -

Lease liability has been discounted using the Council's risk free borrowing rate of 2.85%.

13) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30:

	2024	2023
Future periods	$ 10,000	$ 145,000
Regional councils	47,987	43,020
Franklin Grand Isle salaries	11,181	11,181
Development professional	2,800	4,356
Data and policy improvements	99,175	-
Vermont early childhood fund awards	25,000	-
Caledonia and Southern Essex Counties	7,942	-
Other	2,083	2,083
	$ 206,168	$ 205,640

14) COMMITMENTS AND CONTINGENCIES

Grants and contracts require the fulfillment of certain conditions as set forth in the instrument of the grant or contract. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, management deems the contingency remote since by accepting the awards and their terms, it has accommodated the objectives of the Council to the provisions of the grant.

In December 2024, the Preschool Development Grant was amended. The total award was increased by approximately $2,882,000 and the grant was extended through December 30, 2025.

15) ECONOMIC DEPENDENCE

Building Bright Futures receives substantial grant funding from government funding sources and is dependent upon this funding to support a substantial part of its activities and operations. Loss of these funds could have a significant impact on Building Bright Futures' ability to continue its current activities and operations.

16) SUBSEQUENT EVENTS

As described in Note 12, Building Bright Futures signed an amended office lease in January 2025.

As described in Note 14, the Preschool Development Grant award was increased and the term was extended in December 2024.

In December 2024, Building Bright Futures signed a line of credit agreement with Community Bank National Association for $300,000. The line of credit is due on demand and bears interest equal to the Wall Street Journal Prime Rate. The agreement is collateralized by all business assets.

Building Bright Futures State Advisory Council, Inc. has evaluated subsequent events through March 11, 2025, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BUILDING BRIGHT FUTURES STATE ADVISORY COUNCIL, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass-through Grantor *Program Title*	**Federal Assistance Listing Number**	**Pass-through Grantor Number**	**Passed through to Subrecipients**	**Federal Expenditures**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
CCDF Cluster				
Child Care and Development Block Grant				
Passed through Child Trends, Inc.:				
Child Care and Development Block Grant	93.575	90YE0297	$ -	$ 34,931
Passed through Vermont Department for Children and Families:				
Child Care and Development Block Grant	93.575	03440-32010-24	-	162,500
Total Child Care and Development Block Grant			-	197,431
Total CCDF Cluster			-	197,431
Other Programs				
Early Childhood Comprehensive Systems: Health Integration Prenatal to Three Program				
Passed through Vermont Department of Health:				
Maternal and Child Health Federal Consolidated Programs	93.110	03420-09029	-	829
Maternal and Child Health Federal Consolidated Programs	93.110	03420-10002	-	101,462
Total Maternal and Child Health Federal Consolidated Programs			-	102,291
ESSA Preschool Development Grants Birth through Five				
Passed through Vermont Department of Health:				
ESSA Preschool Development Grants Birth through Five	93.434	03420-09816	405,615	1,285,956
Total ESSA Preschool Development Grants Birth through Five Program			405,615	1,285,956
Total Other Programs			405,615	1,388,247
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			405,615	1,585,678
TOTAL FEDERAL AWARDS EXPENDED			$ 405,615	$ 1,585,678

The accompanying notes are an integral part of this schedule.

BUILDING BRIGHT FUTURES STATE ADVISORY COUNCIL, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule of Expenditures of Federal Awards (the Schedule) are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2) INDIRECT COST RATE

Building Bright Futures State Advisory Council, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3) BASIS OF PRESENTATION

The accompanying Schedule includes the federal grant activity of Building Bright Futures State Advisory Council, Inc. under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of Building Bright Futures State Advisory Council, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Building Bright Futures State Advisory Council, Inc.

BUILDING BRIGHT FUTURES STATE ADVISORY COUNCIL, INC.

COMPLIANCE REPORTS

JUNE 30, 2024

JMM & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

BUILDING BRIGHT FUTURES STATE ADVISORY COUNCIL, INC.

COMPLIANCE REPORTS

JUNE 30, 2024

CONTENTS

BUILDING BRIGHT FUTURES STATE ADVISORY COUNCIL, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023

There was no Single Audit required in fiscal year 2023, therefore, no tests of compliance were conducted.

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VT License #92-0000171

INDEPENDENT AUDITOR'S 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 Trustees of
Building Bright Futures State Advisory Council, Inc.
Williston, Vermont

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 financial statements of Building Bright Futures State Advisory Council, Inc. (BBF) which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered BBF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BBF's internal control. Accordingly, we do not express an opinion on the effectiveness of BBF'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 the 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 or significant deficiencies may exist that have not been identified.

JMM & ASSOCIATES ■ CERTIFIED PUBLIC ACCOUNTANTS

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Building Bright Futures State Advisory Council, Inc.'s financial statements are free from 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 financial statements. 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 result of that testing, and not to provide an opinion on the effectiveness of Building Bright Futures State Advisory Council, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BBF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JMM & Associates

March 11, 2025

VT License #92-0000171

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Building Bright Futures State Advisory Council, Inc.
Williston, Vermont

Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program

We have audited Building Bright Futures State Advisory Council, Inc.'s (BBF) 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 each of BBF's major federal programs for the year ended June 30, 2024. Building Bright Futures State Advisory Council, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Building Bright Futures State Advisory Council, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Building Bright Futures State Advisory Council, Inc. and to meet our 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 Building Bright Futures State Advisory Council, Inc.'s compliance with the compliance requirements referred to above.

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 Building Bright Futures State Advisory Council, Inc.'s federal programs.

Auditor's 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 Building Bright Futures State Advisory Council, Inc.'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 Building Bright Futures State Advisory Council, Inc.'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 Building Bright Futures State Advisory Council, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Building Bright Futures State Advisory Council, Inc.'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 Building Bright Futures State Advisory Council, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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 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 Auditor's 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. 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.

JMM & Associates

March 11, 2025

BUILDING BRIGHT FUTURES STATE ADVISORY COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified.
Internal control over financial reporting: Material weakness identified	No.
Significant deficiencies identified not considered to be a material weakness	None reported.
Noncompliance material to financial statements	No.

Federal Awards

Internal control over major programs: Material weakness identified	No.
Significant deficiencies identified not considered to be a material weakness	None reported.
Type of auditor's report issued on compliance for major programs:	Unmodified.
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	No.

Identification of major programs:

Federal Assistance Listing	Program Title
93.434	ESSA Preschool Development Grants Birth through Five

Dollar threshold used to distinguish between Type A & Type B programs:	$750,000.
Auditee qualified as low-risk auditee	No.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.