

**Iowa Association for the Education of Young Children
Des Moines, Iowa**

FINANCIAL REPORT

June 30, 2014

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	3-4
FINANCIAL STATEMENTS	
Statements of financial position	5
Statements of activities	6
Statements of cash flows	7
Notes to financial statements	8-10
SUPPLEMENTARY INFORMATION	
Schedules of expenses	11-12
Schedule of expenditures of federal awards	13
Note to schedule of expenditures of federal awards	14
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 <i>GOVERNMENT AUDITING STANDARDS</i>	15-16
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	17-18
Schedule of findings	19



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Iowa Association for the Education of Young Children
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Iowa Association for the Education of Young Children, which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. 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 Association'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 Association'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 Iowa Association for the Education of Young Children as of June 30, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 11-14, including the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are 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 audit 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 October 10, 2014, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Iowa Association for the Education of Young Children's internal control over financial reporting and compliance.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 10, 2014

**Iowa Association for the Education of Young Children
STATEMENTS OF FINANCIAL POSITION**

	June 30	
ASSETS	2014	2013
Cash	\$ 45,516	\$ 88,179
Accounts receivable	242,703	189,623
Investments	2,360	43,654
Prepaid expenses	183	1,549
Totals	\$ 290,762	\$ 323,005
LIABILITIES AND NET ASSETS		
LIABILITIES		
Note payable	\$ 50,000	\$ 125,000
Accounts payable	3,579	8,887
Accrued employee compensation	26,503	25,034
Deferred revenue	132,093	52,777
Custodian accounts	3,626	7,407
Total liabilities	215,801	219,105
NET ASSETS , unrestricted	74,961	103,900
Totals	\$ 290,762	\$ 323,005

See Notes to Financial Statements.

**Iowa Association for the Education of Young Children
STATEMENTS OF ACTIVITIES**

	Year ended June 30	
	<u>2014</u>	<u>2013</u>
UNRESTRICTED REVENUE		
TEACH program		
Iowa Department of Human Services	\$ 400,000	\$ 400,000
Iowa Department of Management	227,227	330,422
Iowa Department of Education	31,599	60,309
Iowa Department of Public Health	113,451	-
Wages program	74,998	-
United Way of Central Iowa	78,061	63,182
Early Childhood Iowa, county contracts		
Blackhawk	-	15,000
Polk	92,000	85,000
Intensive counseling	6,594	-
Copayments from recipients	<u>60,791</u>	<u>50,066</u>
	1,084,721	1,003,979
Conference income	85,820	72,033
Contract income	144,147	140,392
Membership dues	31,390	35,298
Contributions	10,133	10,979
Investment income	6,399	10,593
Miscellaneous	<u>2,365</u>	<u>7,537</u>
Total revenue	<u>1,364,975</u>	<u>1,280,811</u>
EXPENSES		
Program services—education and training	1,227,080	1,078,858
Supporting services—management and general	<u>166,834</u>	<u>194,974</u>
Total expenses	<u>1,393,914</u>	<u>1,273,832</u>
CHANGE IN NET ASSETS	(28,939)	6,979
NET ASSETS, beginning	<u>103,900</u>	<u>96,921</u>
NET ASSETS, ending	<u>\$ 74,961</u>	<u>\$ 103,900</u>

See Notes to Financial Statements.

**Iowa Association for the Education of Young Children
STATEMENTS OF CASH FLOWS**

	Year ended June 30	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (28,939)	\$ 6,979
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Realized (gains)	(2,270)	-
Changes in unrealized (gains)	(4,121)	(10,589)
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(53,080)	32,252
Decrease in prepaid expenses	1,366	1,597
Increase (decrease) in accounts payable	(5,308)	8,887
Increase in accrued employee compensation	1,469	654
Increase in deferred revenue	79,316	27,621
(Decrease) in custodian accounts	<u>(3,781)</u>	<u>(696)</u>
Net cash provided by (used in) operating activities	<u>(15,348)</u>	<u>66,705</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	<u>(75,000)</u>	<u>(25,000)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of investments	<u>47,685</u>	<u>999</u>
 NET INCREASE (DECREASE) IN CASH	(42,663)	42,704
 CASH		
Beginning	<u>88,179</u>	<u>45,475</u>
Ending	<u>\$ 45,516</u>	<u>\$ 88,179</u>

See Notes to Financial Statements.

**Iowa Association for the Education of Young Children
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Iowa Association for the Education of Young Children is an Iowa nonprofit corporation organized to serve and act on behalf of the needs, right and well being of all young children with primary focus on the promotion of educational and development services and resources for children, families and communities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Not-for-Profit Entities Topic of the *FASB Accounting Standards Codification*. Accordingly, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association had only unrestricted net assets during the years ended June 30, 2014 and 2013.

Unrestricted net assets are those assets which are neither temporarily or permanently restricted by donor-imposed stipulations and represent the portion of expendable assets available for support of Association operations.

Temporarily restricted net assets represent contributions or other inflows of assets whose use by the Association is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Association pursuant to those stipulations. As donor imposed stipulations expire, temporarily restricted net assets are reclassified as unrestricted net assets.

Permanently restricted net assets represent contributions or other inflows of assets whose use by the Association is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association.

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

Investments

The Association carries investments in money market funds and marketable securities with readily determinable fair values at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Deferred Revenue

Deferred revenue primarily consists of cash received from TEACH program contracts in advance of performance of the services required under the specific provisions of each contract.

Functional Allocation of Expenses

The cost of providing for the program has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated to the program service and supporting services benefited.

**Iowa Association for the Education of Young Children
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Association is exempt from federal income taxes under applicable provisions of the Internal Revenue Code. The Association follows the accounting for uncertainty in income tax requirements as required by the Income Tax Topic of the *FASB Accounting Standards Codification*. Management has evaluated their material tax positions and determined no income tax effects with respect to the financial statements. The Association has not been notified of any impending examinations by tax authorities, and no examinations are in process.

NOTE 2 INVESTMENTS

The Association's investments are as follows:

	June 30	
	2014	2013
Money market funds	\$ 789	\$ 15,572
Corporation common stocks	1,571	28,082
Totals	\$ 2,360	\$ 43,654

Investment income consisted of the following:

	Year ended June 30	
	2014	2013
Interest and dividends	\$ 8	\$ 4
Realized gains	2,270	-
Changes in unrealized gains	4,121	10,589
Totals	\$ 6,399	\$ 10,593

Fair Value of Financial Instruments

The Association measures the fair value of investments in accordance with the Fair Value Measurements and Disclosures Topic of the *FASB Accounting Standards Codification*, which established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, generally ranging from the most objective to the most subjective. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are generally available indirect information, such as quoted prices for identical or similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active. Level 3 inputs are the most subjective, are generally based on the management's own assumptions on how knowledgeable parties would price assets or liabilities, and are developed using the best information available in the circumstances. All of the Association's investments were valued using Level 1 inputs at June 30, 2014 and 2013.

**Iowa Association for the Education of Young Children
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 NOTE PAYABLE

Note payable consists of a line of credit with a bank providing a maximum credit limit of \$175,000, under which \$50,000 was outstanding at June 30, 2014. The agreement carries interest equal to the prime rate, plus 1%, with an interest rate floor of 5%. The interest rate at June 30, 2014 was 5%. The agreement is secured by virtually all assets of the Association and has a maturity date of March, 2015.

NOTE 4 SUBSEQUENT EVENTS

The Association has evaluated subsequent events through October 10, 2014, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.

**Iowa Association for the Education of Young Children
SCHEDULES OF EXPENSES**

	<u>Year ended June 30, 2014</u>		
	<u>Program</u>	<u>Supporting</u>	<u>Total</u>
	<u>services</u>	<u>services</u>	
	<u>Education</u>	<u>Management</u>	
	<u>and training</u>	<u>and general</u>	
Salaries	\$ 338,478	\$ 84,620	\$ 423,098
Payroll taxes	28,319	7,080	35,399
Employee benefits	<u>11,567</u>	<u>2,892</u>	<u>14,459</u>
Total salaries and related benefits	378,364	94,592	472,956
Scholarships			
TEACH program	524,739	–	524,739
Wage program	60,605	–	60,605
Other	17,438	–	17,438
Travel			
Staff and board members	29,366	13,413	42,779
TEACH program	44,087	–	44,087
Contracted services	–	–	–
Continuing education	4,487	–	4,487
Rent	27,289	3,721	31,010
Utilities	3,772	514	4,286
Supplies	8,021	2,674	10,695
Printing and publications	9,229	17,756	26,985
Payroll processing services	–	1,939	1,939
Postage	1,646	411	2,057
Telephone	6,806	1,701	8,507
Minor equipment	16,274	4,068	20,342
Conference costs	27,363	–	27,363
Meetings	1,081	320	1,401
Promotion costs	14,216	–	14,216
Professional fees	27,990	18,660	46,650
Insurance	–	2,579	2,579
Rebates	5,214	–	5,214
Provision for bad debts	19,093	–	19,093
Interest	–	2,492	2,492
Miscellaneous	<u>–</u>	<u>1,994</u>	<u>1,994</u>
 Total	 <u>\$1,227,080</u>	 <u>\$ 166,834</u>	 <u>\$1,393,914</u>

Year ended June 30, 2013		
Program services	Supporting services	
Education and training	Management and general	Total
\$ 268,171	\$ 114,931	\$ 383,102
23,274	9,974	33,248
<u>8,418</u>	<u>3,607</u>	<u>12,025</u>
299,863	128,512	428,375
502,935	–	502,935
–	–	–
43,200	–	43,200
23,239	17,294	40,533
52,098	–	52,098
8,287	–	8,287
5,610	–	5,610
26,798	3,654	30,452
3,499	477	3,976
6,842	1,710	8,552
696	10,638	11,334
–	2,303	2,303
2,882	721	3,603
8,883	2,221	11,104
13,304	3,326	16,630
26,703	–	26,703
5,163	120	5,283
12,302	–	12,302
19,424	12,949	32,373
–	5,076	5,076
3,754	–	3,754
13,376	–	13,376
–	3,137	3,137
<u>–</u>	<u>2,836</u>	<u>2,836</u>
<u>\$1,078,858</u>	<u>\$ 194,974</u>	<u>\$1,273,832</u>

**Iowa Association for the Education of Young Children
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2014**

<u>Federal grantor/pass-through grantor/description and identifying number</u>	<u>Federal CFDA number</u>	<u>Federal CFDA name</u>	<u>Federal expenditures</u>
U.S. Department of Health and Human Services			
<i>Passed through State of Iowa Department of Human Services</i>			
TEACH, DCFS 07-001	93.575	Childcare & Development Fund, Discretionary	\$ 400,000
<i>Passed through State of Iowa Department of Management, passed through Polk County</i>			
Early Childhood Iowa, T080081	93.575	Childcare & Development Fund, Discretionary	92,000
<i>Passed through State of Iowa Department of Public Health, 5884CH19</i>			
	93.505	Health Resources and Services Administration	113,451
<i>Passed through State of Iowa Department of Management, 90SC0050</i>			
	93.708	Health and Human Services-Head Start ARRA	55,883
Office of Special Education and Rehabilitative Services, Department of Education			
<i>Passed through State of Iowa Department of Education, 086210</i>			
	84.173	Special Education-Preschool Grants, Discretionary	<u>22,352</u>
Total expenditures of federal awards			<u>\$ 683,686</u>

Iowa Association for the Education of Young Children
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2014

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Iowa Association for the Education of Young Children and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



**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**

Board of Directors
Iowa Association for the Education of Young Children
Des Moines, Iowa

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 Iowa Association for the Education of Young Children, which comprise the statements of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting, internal control, to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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


DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 10, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
Iowa Association for the Education of Young Children
Des Moines, Iowa

Report on Compliance for Each Major Federal Program

We have audited Iowa Association for the Education of Young Children's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Association's major federal programs for the year ended June 30, 2014. The Association's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Association's major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Major Federal Program

In our opinion, Iowa Association for the Education of Young Children complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

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

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

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 10, 2014

**Iowa Association for the Education of Young Children
SCHEDULE OF FINDINGS
Year ended June 30, 2014**

SECTION I—SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

- (a) An unmodified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to financial statements.

Federal Awards

- (d) No material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Major programs were as follows:
 - CFDA #93.505 – Health Resources and Services Administration.
 - CFDA #93.575 – Childcare & Development Fund, Discretionary, TEACH.
- (h) Dollar threshold used to distinguish between type A and type B programs was \$300,000.
- (i) The Association qualified as low-risk auditee.

SECTION II—FINDINGS RELATED TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

None.

SECTION III—FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.