

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

FINANCIAL REPORT

June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Iowa Association for the Education of Young Children, a nonprofit corporation, which comprise the statements of financial position as of June 30, 2018 and 2017, 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 responsibility 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. 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, 2018 and 2017, 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.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 12, 2018

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

	June 30	
ASSETS	2018	2017
Cash	\$ 109,796	\$ 17,374
Accounts receivable	272,265	339,548
Prepaid expenses	<u>11,374</u>	<u>6,520</u>
Totals	<u>\$ 393,435</u>	<u>\$ 363,442</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 189	\$ 110
Accrued employee compensation	27,197	33,879
Deferred revenue	<u>291,156</u>	<u>237,877</u>
Total liabilities	<u>318,542</u>	<u>271,866</u>
NET ASSETS, unrestricted	<u>74,893</u>	<u>91,576</u>
Totals	<u>\$ 393,435</u>	<u>\$ 363,442</u>

See Notes to Financial Statements.

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

	Year ended June 30	
	2018	2017
UNRESTRICTED REVENUE		
TEACH program		
Iowa Department of Human Services	\$ 462,000	\$ 454,081
Iowa Department of Management	338,594	367,262
Iowa Department of Public Health	81,082	33,275
United Way of Central Iowa	78,000	78,000
Early Childhood Iowa, Polk County	82,800	92,000
Copayments from recipients	<u>55,925</u>	<u>70,785</u>
	1,098,401	1,095,403
Conference income	82,354	70,771
Contract income	792,281	666,012
Wages program	603,910	554,714
Membership dues	26,888	26,112
Contributions	7,028	17,756
Sponsorship income	4,777	10,684
Miscellaneous	<u>12,960</u>	<u>7,661</u>
Total revenue	<u>2,628,599</u>	<u>2,449,113</u>
EXPENSES		
Program services—education and training	2,213,635	2,040,280
Supporting services—management and general	<u>431,647</u>	<u>395,479</u>
Total expenses	<u>2,645,282</u>	<u>2,435,759</u>
CHANGE IN NET ASSETS	(16,683)	13,354
NET ASSETS, beginning	<u>91,576</u>	<u>78,222</u>
NET ASSETS, ending	<u>\$ 74,893</u>	<u>\$ 91,576</u>

See Notes to Financial Statements.

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

	Year ended June 30	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (16,683)	\$ 13,354
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	67,283	(50,017)
(Increase) in prepaid expenses	(4,854)	(459)
Increase (decrease) in accounts payable	79	(10)
Increase (decrease) in accrued employee compensation	(6,682)	15,408
Increase in deferred revenue	53,279	38,205
(Decrease) in custodian accounts	—	(1,543)
Net cash provided by operating activities	<u>92,422</u>	<u>14,938</u>
NET INCREASE IN CASH	92,422	14,938
CASH		
Beginning	<u>17,374</u>	<u>2,436</u>
Ending	<u>\$ 109,796</u>	<u>\$ 17,374</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, 2018 and 2017.

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.

Deferred Revenue

Deferred revenue primarily consists of cash received from TEACH program and wages 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.

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.

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain amounts have been reclassified in the 2017 financial statements in order to conform with the 2018 presentation, with no effect on the change in net assets.

NOTE 2 CONCENTRATION OF RISK

The Association provides significant services throughout the state of Iowa for each the Iowa Department of Human Services, Iowa Department of Management, and Iowa Department of Public Health. Services provided are primarily under various contracts and grants. Future contracts and grants with each of these Departments are dependent upon appropriations by the Iowa state legislature.

NOTE 3 SUBSEQUENT EVENTS

The Association has evaluated subsequent events through October 12, 2018, 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, 2018</u>		
	<u>Program services</u>	<u>Supporting services</u>	<u>Total</u>
	<u>Education and training</u>	<u>Management and general</u>	
Salaries	\$ 911,757	\$ 194,425	\$1,106,182
Payroll taxes	66,683	15,193	81,876
Employee benefits	<u>24,087</u>	<u>5,812</u>	<u>29,899</u>
Total salaries and related benefits	1,002,527	215,430	1,217,957
Scholarships			
TEACH program	515,081	–	515,081
Wage program	423,447	–	423,447
CDA assessments	45,700	–	45,700
Other	16,632	664	17,296
Travel			
Staff and board members	–	14,992	14,992
TEACH program	104,305	–	104,305
Contract services	–	–	–
Continuing education	3,600	575	4,175
Rent	–	52,730	52,730
Utilities	–	8,599	8,599
Supplies	4,590	8,716	13,306
Printing and publications	4,957	1,356	6,313
Payroll processing services	2,638	599	3,237
Postage	2,280	574	2,854
Telephone	300	3,705	4,005
Equipment maintenance	6,429	21,483	27,912
Minor equipment	2,225	7,450	9,675
Conference costs	6,849	52,741	59,590
Meetings	28,793	4,148	32,941
Promotion costs	7,611	9,670	17,281
Professional fees	32,347	16,864	49,211
Insurance	3,324	1,305	4,629
Rebates	–	4,950	4,950
Provision for bad debts	–	–	–
Interest	–	258	258
Miscellaneous	<u>–</u>	<u>4,838</u>	<u>4,838</u>
Totals	<u>\$2,213,635</u>	<u>\$ 431,647</u>	<u>\$2,645,282</u>

Year ended June 30, 2017		
Program services	Supporting services	
Education and training	Management and general	Total
\$ 821,318	\$ 169,160	\$ 990,478
63,765	12,541	76,306
<u>20,526</u>	<u>4,236</u>	<u>24,762</u>
905,609	185,937	1,091,546
528,003	8,869	536,872
348,776	–	348,776
37,133	–	37,133
33,247	–	33,247
46,851	23,298	70,149
42,653	–	42,653
–	11,183	11,183
3,091	1,778	4,869
–	38,253	38,253
64	8,687	8,751
7,086	3,115	10,201
5,508	10,750	16,258
2,581	513	3,094
1,974	732	2,706
535	6,058	6,593
10,350	23,037	33,387
4,185	9,293	13,478
5,370	36,705	42,075
10,081	1,425	11,506
2,421	73	2,494
34,801	12,740	47,541
3,621	5,224	8,845
–	5,345	5,345
6,340	–	6,340
–	–	–
<u>–</u>	<u>2,464</u>	<u>2,464</u>
<u>\$2,040,280</u>	<u>\$ 395,479</u>	<u>\$2,435,759</u>