

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

FINANCIAL REPORT

June 30, 2015

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 | 8-9 |
| SUPPLEMENTARY INFORMATION | |
| Schedules of expenses | 10-11 |
| Schedule of expenditures of federal awards | 12 |
| Note to schedule of expenditures of federal awards | 13 |
| 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> | 14-15 |
| 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 | 16-17 |
| Schedule of findings | 18 |



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, a nonprofit corporation, which comprise the statements of financial position as of June 30, 2015 and 2014, 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, 2015 and 2014, 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 10-13, 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 September 30, 2015, 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

West Des Moines, Iowa
September 30, 2015

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

| | June 30 | |
|-----------------------------------|----------------|-------------|
| ASSETS | 2015 | 2014 |
| Cash | \$ 40,744 | \$ 47,876 |
| Accounts receivable | 275,039 | 242,703 |
| Prepaid expenses | 2,197 | 183 |
| Totals | \$ 317,980 | \$ 290,762 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Note payable | \$ 85,000 | \$ 50,000 |
| Accounts payable | 1,495 | 3,579 |
| Accrued employee compensation | 12,983 | 26,503 |
| Deferred revenue | 127,277 | 132,093 |
| Custodian accounts | 1,125 | 3,626 |
| Total liabilities | 227,880 | 215,801 |
| NET ASSETS , unrestricted | 90,100 | 74,961 |
| Totals | \$ 317,980 | \$ 290,762 |

See Notes to Financial Statements.

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

| | Year ended June 30 | |
|--|---------------------------|--------------------|
| | <u>2015</u> | <u>2014</u> |
| UNRESTRICTED REVENUE | | |
| TEACH program | | |
| Iowa Department of Human Services | \$ 412,000 | \$ 400,000 |
| Iowa Department of Management | 307,840 | 227,227 |
| Iowa Department of Education | - | 31,599 |
| Iowa Department of Public Health | 164,679 | 113,451 |
| United Way of Central Iowa | 78,000 | 78,061 |
| Early Childhood Iowa, Polk County | 88,779 | 92,000 |
| Intensive counseling | 8,406 | 6,594 |
| Copayments from recipients | <u>82,867</u> | <u>60,791</u> |
| | 1,142,571 | 1,009,723 |
| Conference income | 91,734 | 85,820 |
| Contract income | 169,544 | 144,147 |
| Wages program | 201,761 | 74,998 |
| Membership dues | 31,793 | 31,390 |
| Contributions | 5,933 | 10,133 |
| Investment income | 5 | 6,399 |
| Miscellaneous | <u>8,220</u> | <u>2,365</u> |
| Total revenue | <u>1,651,561</u> | <u>1,364,975</u> |
| EXPENSES | | |
| Program services—education and training | 1,478,034 | 1,227,080 |
| Supporting services—management and general | <u>158,388</u> | <u>166,834</u> |
| Total expenses | <u>1,636,422</u> | <u>1,393,914</u> |
| CHANGE IN NET ASSETS | 15,139 | (28,939) |
| NET ASSETS, beginning | <u>74,961</u> | <u>103,900</u> |
| NET ASSETS, ending | <u>\$ 90,100</u> | <u>\$ 74,961</u> |

See Notes to Financial Statements.

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

| | Year ended June 30 | |
|---|---------------------------|-------------|
| | 2015 | 2014 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 15,139 | \$ (28,939) |
| Adjustments to reconcile change in net assets to net cash (used in) operating activities | | |
| Changes in assets and liabilities | | |
| (Increase) in accounts receivable | (32,336) | (53,080) |
| (Increase) decrease in prepaid expenses | (2,014) | (2,665) |
| (Decrease) in accounts payable | (2,084) | (5,308) |
| Increase (decrease) in accrued employee compensation | (13,520) | 1,469 |
| Increase (decrease) in deferred revenue | (4,816) | 79,316 |
| (Decrease) in custodian accounts | (2,501) | (3,781) |
| Net cash (used in) operating activities | (42,132) | (12,988) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of note payable | 35,000 | - |
| Principal payments on note payable | - | (75,000) |
| Net cash provided by (used in) financing activities | 35,000 | (75,000) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from maturities of investments | - | 47,685 |
| NET (DECREASE) IN CASH | (7,132) | (40,303) |
| CASH | | |
| Beginning | 47,876 | 88,179 |
| Ending | \$ 40,744 | \$ 47,876 |

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, 2015 and 2014.

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 2014 financial statements in order to conform with the 2015 presentation, with no effect on the change in net assets.

NOTE 2 NOTE PAYABLE

Note payable consists of a line of credit with a bank providing a maximum credit limit of \$175,000, under which \$85,000 was outstanding at June 30, 2015. The agreement carries interest equal to the prime rate, plus 1%, with an interest rate floor of 5%. The interest rate at June 30, 2015 was 5%. The agreement is secured by virtually all assets of the Association and has a maturity date of March, 2016.

NOTE 3 SUBSEQUENT EVENTS

The Association has evaluated subsequent events through September 30, 2015, 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, 2015</u> | | |
|-------------------------------------|-----------------------------------|-----------------------------------|------------------------|
| | <u>Program services</u> | <u>Supporting services</u> | |
| | <u>Education and training</u> | <u>Management and general</u> | <u>Total</u> |
| Salaries | \$ 392,180 | \$ 98,045 | \$ 490,225 |
| Payroll taxes | 33,441 | 8,360 | 41,801 |
| Employee benefits | <u>9,422</u> | <u>2,356</u> | <u>11,778</u> |
| Total salaries and related benefits | 435,043 | 108,761 | 543,804 |
| Scholarships | | | |
| TEACH program | 597,023 | – | 597,023 |
| Wage program | 167,994 | – | 167,994 |
| CDA assessments | 17,850 | – | 17,850 |
| Other | 19,750 | – | 19,750 |
| Travel | | | |
| Staff and board members | 36,914 | 2,510 | 39,424 |
| TEACH program | 50,400 | – | 50,400 |
| Contract services | 9,750 | – | 9,750 |
| Continuing education | 5,225 | – | 5,225 |
| Rent | 27,834 | 3,796 | 31,630 |
| Utilities | 3,439 | 469 | 3,908 |
| Supplies | 9,618 | 3,206 | 12,824 |
| Printing and publications | 679 | 7,920 | 8,599 |
| Payroll processing services | – | 2,391 | 2,391 |
| Postage | 2,566 | 642 | 3,208 |
| Telephone | 6,050 | 1,513 | 7,563 |
| Minor equipment | 16,373 | 4,093 | 20,466 |
| Conference costs | 28,150 | – | 28,150 |
| Meetings | 2,576 | 30 | 2,606 |
| Promotion costs | 13,583 | – | 13,583 |
| Professional fees | 17,101 | 11,400 | 28,501 |
| Insurance | – | 6,355 | 6,355 |
| Rebates | 4,933 | – | 4,933 |
| Provision for bad debts | 5,183 | – | 5,183 |
| Interest | – | 1,449 | 1,449 |
| Miscellaneous | <u>–</u> | <u>3,853</u> | <u>3,853</u> |
| Total | <u>\$1,478,034</u> | <u>\$ 158,388</u> | <u>\$1,636,422</u> |

| Year ended June 30, 2014 | | |
|---------------------------------|-------------------------------|---------------------------|
| Program services | Supporting services | |
| Education and training | Management and general | Total |
| \$ 338,478 | \$ 84,620 | \$ 423,098 |
| 28,319 | 7,080 | 35,399 |
| <u>11,567</u> | <u>2,892</u> | <u>14,459</u> |
| 378,364 | 94,592 | 472,956 |
| 524,739 | — | 524,739 |
| 60,605 | — | 60,605 |
| 17,438 | — | 17,438 |
| — | — | — |
| 29,366 | 13,413 | 42,779 |
| 44,087 | — | 44,087 |
| — | — | — |
| 4,487 | — | 4,487 |
| 27,289 | 3,721 | 31,010 |
| 3,772 | 514 | 4,286 |
| 8,021 | 2,674 | 10,695 |
| 9,229 | 17,756 | 26,985 |
| — | 1,939 | 1,939 |
| 1,646 | 411 | 2,057 |
| 6,806 | 1,701 | 8,507 |
| 16,274 | 4,068 | 20,342 |
| 27,363 | — | 27,363 |
| 1,081 | 320 | 1,401 |
| 14,216 | — | 14,216 |
| 27,990 | 18,660 | 46,650 |
| — | 2,579 | 2,579 |
| 5,214 | — | 5,214 |
| 19,093 | — | 19,093 |
| — | 2,492 | 2,492 |
| <u>—</u> | <u>1,994</u> | <u>1,994</u> |
| <u>\$1,227,080</u> | <u>\$ 166,834</u> | <u>\$1,393,914</u> |

**Iowa Association for the Education of Young Children
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2015**

| <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 | \$ 412,000 |
| <i>Passed through State of Iowa Department of Public Health, 5884CH19</i> | | | |
| | 93.505 | Health Resources and Services Administration | <u>164,336</u> |
| Total expenditures of federal awards | | | <u>\$ 576,336</u> |

Iowa Association for the Education of Young Children
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2015

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, 2015, 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 September 30, 2015.

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
DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 30, 2015



**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 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, 2015. 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, 2015.

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

West Des Moines, Iowa
September 30, 2015

**Iowa Association for the Education of Young Children
SCHEDULE OF FINDINGS
Year ended June 30, 2015**

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 programs 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.