

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

FINANCIAL REPORT

June 30, 2007

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DENMAN & Company, LLP

Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Iowa Association for the Education of Young Children as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 28, 2007

Iowa Association for the Education of Young Children
STATEMENT OF FINANCIAL POSITION
June 30, 2007

ASSETS

Cash	\$ 256,459
Accounts receivable	49,503
Investments	113,006
Prepaid expenses	<u>4,980</u>
Total	\$ <u>423,948</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 15,903
Deferred revenue	<u>261,757</u>
Total liabilities	<u>277,660</u>

NET ASSETS, unrestricted

146,288

Total

\$ 423,948

See Notes to Financial Statements.

**Iowa Association for the Education of Young Children
STATEMENT OF ACTIVITIES
Year ended June 30, 2007**

REVENUE

TEACH program	
Iowa Department of Human Services	\$ 171,506
Iowa Department of Management	129,768
United Way of Central Iowa	34,235
Empowerment, county	
Boone	4,976
Floyd, Mitchell and Chickasaw	1,967
Marion	5,260
Polk	57,886
Story	5,375
Other	<u>4,588</u>
	415,561
Accreditation, Scott County	35,731
Conference income	58,281
Membership dues	29,708
Contributions	150
Investment income	13,966
Miscellaneous	<u>7,390</u>
Total revenue	<u>560,787</u>

EXPENSES

Program services—education and training	468,287
Supporting services—management and general	<u>76,306</u>
Total expenses	<u>544,593</u>

CHANGE IN NET ASSETS

16,194

NET ASSETS, beginning

130,094

NET ASSETS, ending

\$ 146,288

See Notes to Financial Statements.

Iowa Association for the Education of Young Children
STATEMENT OF CASH FLOWS
Year ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 16,194
Adjustments to reconcile change in total net assets to net cash flows provided by operating activities	
Changes in unrealized gains	(8,289)
Changes in assets and liabilities	
(Increase) in accounts receivable	(49,503)
(Increase) in prepaid expenses	(2,878)
Increase in accounts payable	17,253
Increase in deferred revenue	<u>259,332</u>
Net cash provided by operating activities	<u>232,109</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	<u>(5,677)</u>
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NET INCREASE IN CASH

226,432

CASH

Beginning	<u>30,027</u>
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Ending	<u>\$ 256,459</u>
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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 Financial Accounting Standards Board in its Statement of Financial Accounting Standards, SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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 year ended June 30, 2007.

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.

Income Taxes

The Association is exempt from federal income taxes under applicable provisions of the Internal Revenue Code.

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Credit Risk

The Association has amounts on deposit with a financial institution in excess of FDIC insurance limits at various times throughout the year.

NOTE 2 INVESTMENTS

The Association's investments are as follows at June 30, 2007:

Money market funds	\$ 8,126
Mutual funds	<u>104,880</u>
Total	\$ <u>113,006</u>

Investment income during the year ended June 30, 2007 consisted of the following:

Interest and dividends	\$ 5,677
Unrealized gains	<u>8,289</u>
Total	\$ <u>13,966</u>

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Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

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

Our report on our audit of the basic financial statements of Iowa Association for the Education of Young Children for June 30, 2007 appears on page 3. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 28, 2007

**Iowa Association for the Education of Young Children
SCHEDULE OF EXPENSES
Year ended June 30, 2007**

	<u>Program services</u>	<u>Supporting services</u>	
	<u>Education and training</u>	<u>Management and general</u>	<u>Total</u>
Salaries	\$ 69,346	\$ 32,552	\$ 101,898
Payroll taxes	4,986	3,511	8,497
Employee benefits	<u>10,921</u>	<u>5,126</u>	<u>16,047</u>
Total salaries and related benefits	85,253	41,189	126,442
Scholarships			
TEACH program	187,335	-	187,335
Other	26,653	-	26,653
Travel			
TEACH program	21,557	-	21,557
Other	10,615	4,317	14,932
Contracted services	62,362	-	62,362
Continuing education	1,142	-	1,142
Rent	11,269	3,756	15,025
Supplies	5,938	1,612	7,550
Printing and publications	9,401	3,725	13,126
Postage	1,826	3,445	5,271
Telephone	6,801	1,649	8,450
Minor equipment	-	4,368	4,368
Conference costs	20,962	-	20,962
Promotion costs	8,208	-	8,208
Professional fees	-	7,940	7,940
Insurance	-	2,241	2,241
Rebates	5,197	-	5,197
Dues	1,604	-	1,604
Miscellaneous	<u>2,164</u>	<u>2,064</u>	<u>4,228</u>
 Total	 <u>\$ 468,287</u>	 <u>\$ 76,306</u>	 <u>\$ 544,593</u>