

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

FINANCIAL REPORT

June 30, 2017

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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, 2017 and 2016, 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, 2017 and 2016, 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
September 29, 2017

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

		June 30	
ASSETS		2017	2016
Cash		\$ 17,374	\$ 2,436
Accounts receivable		339,548	289,531
Prepaid expenses		6,520	6,061
Totals		\$ 363,442	\$ 298,028
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable		\$ 110	\$ 120
Accrued employee compensation		33,879	18,471
Deferred revenue		237,877	199,672
Custodian accounts		-	1,543
Total liabilities		271,866	219,806
NET ASSETS , unrestricted		91,576	78,222
Totals		\$ 363,442	\$ 298,028

See Notes to Financial Statements.

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

	Year ended June 30	
	2017	2016
UNRESTRICTED REVENUE		
TEACH program		
Iowa Department of Human Services	\$ 454,081	\$ 412,000
Iowa Department of Management	367,262	370,649
Iowa Department of Public Health	33,275	63,187
United Way of Central Iowa	78,000	78,000
Early Childhood Iowa, Polk County	92,000	90,000
Copayments from recipients	<u>70,785</u>	<u>54,132</u>
	1,095,403	1,067,968
Conference income	70,771	92,168
Contract income	666,012	108,010
Wages program	554,714	471,821
Membership dues	26,112	30,606
Contributions	17,756	7,178
Sponsorship income	10,684	16,000
Investment income	-	8
Miscellaneous	<u>7,661</u>	<u>9,347</u>
Total revenue	<u>2,449,113</u>	<u>1,803,106</u>
EXPENSES		
Program services—education and training	2,224,448	1,614,474
Supporting services—management and general	<u>211,311</u>	<u>200,510</u>
Total expenses	<u>2,435,759</u>	<u>1,814,984</u>
CHANGE IN NET ASSETS	13,354	(11,878)
NET ASSETS, beginning	<u>78,222</u>	<u>90,100</u>
NET ASSETS, ending	<u>\$ 91,576</u>	<u>\$ 78,222</u>

See Notes to Financial Statements.

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

	Year ended June 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,354	\$ (11,878)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Changes in assets and liabilities		
(Increase) in accounts receivable	(50,017)	(14,492)
(Increase) in prepaid expenses	(459)	(3,864)
(Decrease) in accounts payable	(10)	(1,375)
Increase in accrued employee compensation	15,408	5,488
Increase in deferred revenue	38,205	72,395
Increase (decrease) in custodian accounts	(1,543)	418
Net cash provided by operating activities	14,938	46,692
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	—	(85,000)
NET INCREASE (DECREASE) IN CASH	14,938	(38,308)
CASH		
Beginning	2,436	40,744
Ending	\$ 17,374	\$ 2,436

See Notes to Financial Statements.

**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, 2017 and 2016.

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.

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

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 September 29, 2017, 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, 2017</u>		
	<u>Program</u> <u>services</u>	<u>Supporting</u> <u>services</u>	<u>Total</u>
	<u>Education</u> <u>and training</u>	<u>Management</u> <u>and general</u>	
Salaries	\$ 897,972	\$ 92,506	\$ 990,478
Payroll taxes	70,096	6,210	76,306
Employee benefits	<u>22,538</u>	<u>2,224</u>	<u>24,762</u>
Total salaries and related benefits	990,606	100,940	1,091,546
Scholarships			
TEACH program	536,872	–	536,872
Wage program	348,776	–	348,776
CDA assessments	37,133	–	37,133
Other	33,247	–	33,247
Travel			
Staff and board members	62,634	7,515	70,149
TEACH program	42,653	–	42,653
Contract services	11,183	–	11,183
Continuing education	4,869	–	4,869
Rent	–	38,253	38,253
Utilities	97	8,654	8,751
Supplies	7,633	2,568	10,201
Printing and publications	15,919	339	16,258
Payroll processing services	2,683	411	3,094
Postage	2,502	204	2,706
Telephone	609	5,984	6,593
Minor equipment	14,711	32,154	46,865
Conference costs	42,075	–	42,075
Meetings	11,488	18	11,506
Promotion costs	2,494	–	2,494
Professional fees	38,128	9,413	47,541
Insurance	3,987	4,858	8,845
Rebates	5,345	–	5,345
Provision for bad debts	6,340	–	6,340
Interest	–	–	–
Miscellaneous	<u>2,464</u>	<u>–</u>	<u>2,464</u>
Totals	<u>\$2,224,448</u>	<u>\$ 211,311</u>	<u>\$2,435,759</u>

Year ended June 30, 2016		
Program services	Supporting services	
Education and training	Management and general	Total
\$ 428,746	\$ 107,186	\$ 535,932
34,358	8,590	42,948
<u>11,150</u>	<u>2,788</u>	<u>13,938</u>
474,254	118,564	592,818
561,314	–	561,314
292,573	–	292,573
39,512	–	39,512
17,989	–	17,989
46,763	87	46,850
45,589	–	45,589
10,600	–	10,600
5,352	–	5,352
–	31,078	31,078
–	3,569	3,569
2,913	2,039	4,952
9,097	596	9,693
–	2,664	2,664
2,846	141	2,987
–	8,129	8,129
2,959	10,097	13,056
38,860	–	38,860
1,443	–	1,443
7,258	–	7,258
37,052	13,112	50,164
340	5,876	6,216
4,404	–	4,404
13,356	–	13,356
–	2,464	2,464
<u>–</u>	<u>2,094</u>	<u>2,094</u>
<u>\$1,614,474</u>	<u>\$ 200,510</u>	<u>\$1,814,984</u>