

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

**FINANCIAL REPORT**

**June 30, 2016**

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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, 2016 and 2015, 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, 2016 and 2015, 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 30, 2016

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

	<b>June 30</b>	
<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
Cash	\$ 2,436	\$ 40,744
Accounts receivable	289,531	275,039
Prepaid expenses	<u>6,061</u>	<u>2,197</u>
 Totals	 <u>\$ 298,028</u>	 <u>\$ 317,980</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Note payable	\$ -	\$ 85,000
Accounts payable	120	1,495
Accrued employee compensation	18,471	12,983
Deferred revenue	199,672	127,277
Custodian accounts	<u>1,543</u>	<u>1,125</u>
Total liabilities	<u>219,806</u>	<u>227,880</u>
 <b>NET ASSETS, unrestricted</b>	 <u>78,222</u>	 <u>90,100</u>
 Totals	 <u>\$ 298,028</u>	 <u>\$ 317,980</u>

See Notes to Financial Statements.

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

	<b>Year ended June 30</b>	
	<b>2016</b>	<b>2015</b>
<b>UNRESTRICTED REVENUE</b>		
TEACH program		
Iowa Department of Human Services	\$ 412,000	\$ 412,000
Iowa Department of Management	370,649	307,840
Iowa Department of Public Health	63,187	164,679
United Way of Central Iowa	78,000	78,000
Early Childhood Iowa, Polk County	90,000	88,779
Intensive counseling	-	8,406
Copayments from recipients	<u>54,132</u>	<u>82,867</u>
	1,067,968	1,142,571
Conference income	92,168	91,734
Contract income	108,010	169,544
Wages program	471,821	201,761
Membership dues	30,606	31,793
Contributions	7,178	5,933
Sponsorship income	16,000	-
Investment income	8	5
Miscellaneous	<u>9,347</u>	<u>8,220</u>
Total revenue	<u>1,803,106</u>	<u>1,651,561</u>
<b>EXPENSES</b>		
Program services—education and training	1,614,474	1,478,034
Supporting services—management and general	<u>200,510</u>	<u>158,388</u>
Total expenses	<u>1,814,984</u>	<u>1,636,422</u>
<b>CHANGE IN NET ASSETS</b>	(11,878)	15,139
<b>NET ASSETS, beginning</b>	<u>90,100</u>	<u>74,961</u>
<b>NET ASSETS, ending</b>	<u>\$ 78,222</u>	<u>\$ 90,100</u>

See Notes to Financial Statements.

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

	<b>Year ended June 30</b>	
	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (11,878)	\$ 15,139
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	(14,492)	(32,336)
(Increase) in prepaid expenses	(3,864)	(2,014)
(Decrease) in accounts payable	(1,375)	(2,084)
Increase (decrease) in accrued employee compensation	5,488	(13,520)
Increase (decrease) in deferred revenue	72,395	(4,816)
Increase (decrease) in custodian accounts	418	(2,501)
Net cash provided by (used in) operating activities	46,692	(42,132)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of note payable	-	35,000
Principal payments on note payable	(85,000)	-
Net cash provided by (used in) financing activities	(85,000)	35,000
<b>NET (DECREASE) IN CASH</b>	(38,308)	(7,132)
<b>CASH</b>		
Beginning	40,744	47,876
Ending	\$ 2,436	\$ 40,744

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, 2016 and 2015.

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, IDHS, IDOM and IDPH, respectively. Services provided are primarily under various contracts and grants. Future contracts and grants with IDHS, IDOM, and IDPH are dependent upon appropriations by the Iowa state legislature.

**NOTE 3 SUBSEQUENT EVENTS**

The Association has evaluated subsequent events through September 30, 2016, 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, 2016</u>		
	<u>Program services</u>	<u>Supporting services</u>	
	<u>Education and training</u>	<u>Management and general</u>	<u>Total</u>
Salaries	\$ 428,746	\$ 107,186	\$ 535,932
Payroll taxes	34,358	8,590	42,948
Employee benefits	11,150	2,788	13,938
Total salaries and related benefits	474,254	118,564	592,818
Scholarships			
TEACH program	561,314	-	561,314
Wage program	292,573	-	292,573
CDA assessments	39,512	-	39,512
Other	17,989	-	17,989
Travel			
Staff and board members	46,763	87	46,850
TEACH program	45,589	-	45,589
Contract services	10,600	-	10,600
Continuing education	5,352	-	5,352
Rent	-	31,078	31,078
Utilities	-	3,569	3,569
Supplies	2,913	2,039	4,952
Printing and publications	9,097	596	9,693
Payroll processing services	-	2,664	2,664
Postage	2,846	141	2,987
Telephone	-	8,129	8,129
Minor equipment	2,959	10,097	13,056
Conference costs	38,860	-	38,860
Meetings	1,443	-	1,443
Promotion costs	7,258	-	7,258
Professional fees	37,052	13,112	50,164
Insurance	340	5,876	6,216
Rebates	4,404	-	4,404
Provision for bad debts	13,356	-	13,356
Interest	-	2,464	2,464
Miscellaneous	-	2,094	2,094
Totals	<u>\$1,614,474</u>	<u>\$ 200,510</u>	<u>\$1,814,984</u>

<b>Year ended June 30, 2015</b>		
<b>Program services</b>	<b>Supporting services</b>	
<b>Education and training</b>	<b>Management and general</b>	<b>Total</b>
\$ 392,180	\$ 98,045	\$ 490,225
33,441	8,360	41,801
<u>9,422</u>	<u>2,356</u>	<u>11,778</u>
435,043	108,761	543,804
597,023	–	597,023
167,994	–	167,994
17,850	–	17,850
19,750	–	19,750
36,914	2,510	39,424
50,400	–	50,400
9,750	–	9,750
5,225	–	5,225
27,834	3,796	31,630
3,439	469	3,908
9,618	3,206	12,824
679	7,920	8,599
–	2,391	2,391
2,566	642	3,208
6,050	1,513	7,563
16,373	4,093	20,466
28,150	–	28,150
2,576	30	2,606
13,583	–	13,583
17,101	11,400	28,501
–	6,355	6,355
4,933	–	4,933
5,183	–	5,183
–	1,449	1,449
<u>–</u>	<u>3,853</u>	<u>3,853</u>
<u>\$1,478,034</u>	<u>\$ 158,388</u>	<u>\$1,636,422</u>