

**NASHVILLE AREA ASSOCIATION FOR  
THE EDUCATION OF YOUNG CHILDREN**

**Financial Statements – Modified Cash Basis**

**Year Ended December 31, 2013**

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
Nashville Area Association for the Education of Young Children  
Nashville, TN

I have reviewed the accompanying statement of assets, liabilities, and net assets—modified cash basis of Nashville Area Association for the Education of Young Children (a nonprofit organization) as of December 31, 2013, and the related statement of revenues, expenses, and changes in net assets—modified cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting, as described in Note A.



Jim R. Durham, CPA PLLC  
May 12, 2014

Jim Durham, CPA PLLC Registered Representative, Securities offered through J.D. Vest Investment Services<sup>SM</sup>, Member SIPC.  
Advisory Services offered through J.D. Vest Advisory Services<sup>SM</sup>

Associate Member of



Jim Durham CPA PLLC is not a registered broker/dealer or independent investment advisory firm



**NASHVILLE AREA ASSOCIATION FOR  
THE EDUCATION OF YOUNG CHILDREN**  
**Statement of Assets, Liabilities and Net Assets- Modified Cash Basis**  
**As of December 31, 2013**

<b>ASSETS</b>	<b>2013</b>
Current Assets	
Cash	<u>\$ 84,922</u>
Total Current Assets	<u>84,922</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 84,922</u></u>
 <b>LIABILITIES &amp; NET ASSETS</b>	
Liabilities	
Payroll Liabilities	<u>\$ -</u>
Total Liabilities	<u>-</u>
Net Assets	
Temporarily Restricted Net Assets	<u>-</u>
Unrestricted Net Assets	<u>84,922</u>
Total Net Assets	<u>84,922</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 84,922</u></u>

See accompanying notes and independent accountant's review report.

**NASHVILLE AREA ASSOCIATION FOR  
THE EDUCATION OF YOUNG CHILDREN**

**Statement of Revenue, Expenses and  
Change in Net Assets- Modified Cash Basis  
For the year ending December 31, 2013**

	<u>2013</u>
<b>Revenue</b>	
Membership Dues	\$ 6,737
Membership Meetings	2,537
Director's Day	180
ECE Conference Income	22,203
TAEYC Conference Income	10,165
Interest Income	<u>91</u>
Total Revenue	<u>41,913</u>
<b>Expenses</b>	
Board Care Fund	671
Children's Champion	445
Director's Day	1,202
ECE Conference Expense	12,581
Facility Enhancement Grant	4,993
Memorial Fund	50
TAEYC Donation	250
Week of the Young Child	158
Office Administrator Salary	14,379
Payroll Taxes	1,100
Member Meetings	742
Meals & Entertainment	26
Travel	386
Accounting Services	1,378
Accreditation Support	29
Bank Charges	596
Bulk Mailing	599
Membership Fees to National Organization	2,774
Insurance	1,051
Legal Expenses & Permits	278
Newsletter	1,420
Office Equipment	150
Office Supplies	384
Postage	43
Professional Development	76
Rent	775
Telephone	1,467
Web Page	<u>450</u>
Total Expenses	<u>48,453</u>
<b>Increase (decrease) in Net Assets</b>	<b>(6,540)</b>
<b>Net Assets, beginning of year</b>	<b><u>91,462</u></b>
<b>Net Assets, end of year</b>	<b><u>\$ 84,922</u></b>

See accompanying notes and independent accountant's review report.

**Nashville Area Association for the Education of Young Children  
Notes to the Financial Statements  
For the Year Ended December 31, 2013**

**A. Summary of Significant Accounting Policies**

**Nature of Activities**

The NAAEYC provides training and printed materials and coordinates workshops for daycare providers and counselors.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Modifications to the cash basis of accounting include accruing for payroll taxes. Depreciation is not recorded with this method of accounting. It would be recorded if the Organization were using generally accepted accounting principles.

**Income Taxes**

The Organization is nonprofit and tax-exempt under section 501(c) 3 of the Internal Revenue Code of 1986.

The Financial Standards Board (FASB) issued Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with Statement No. 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition of tax benefits, classification, on the statement of position, interest and penalties, accounting in interim periods, disclosure and transition. Management believes the Christmas Village has no activities which lead to income taxes being levied.

The tax years 2011, 2012, and 2013 remain open to assessment by all major tax jurisdictions.

**Property and Equipment**

It is the Organization's policy to expense equipment purchases in the year the expenditures are made.

**A. Significant Accounting Policies - (Continued)****Money Market Account**

The Organization maintains its short-term investment in a money market account. The investment is with a financial institution located in Nashville, Tennessee and is insured by the Federal Deposit Insurance Corporation up to \$250,000.

**Donated Services**

No amounts have been reflected in the statements for donated services since no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's efforts.

**Compensated Absences**

Employees of the Organization are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when actually paid to employees.

**B. Leases**

The Organization leases storage space. Total rent expense under this lease amounted to \$775 in 2013. The lease agreement is renewed on an annual basis.

**C. Temporarily Restricted Net Assets**

There are no temporarily restricted net assets.

**D. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.