

NASHVILLE AREA ASSOCIATION FOR
THE EDUCATION OF YOUNG CHILDREN

Financial Statements - Modified Cash Basis

Year Ended December 31, 2015

Contents

	PAGE
Independent Accountant's Review Report	1-2
Financial Statements	
Statements of Assets, Liabilities, and Net Assets- Modified Cash Basis	3
Statements of Revenues, Expenses, and Changes in Net Assets- Modified Cash Basis	4
Notes to the Financial Statements	5-6

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 financial statements of the Nashville Area Association for the Education of Young Children (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-modified cash basis of as of December 31, 2015, and the related statement of revenues, expenses, and changes in net assets-modified cash basis for the year then ended, and the related notes to the financial statements. 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

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.

Basis of Accounting

I draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My conclusion is not modified with respect to this matter.

Jim R. Durham, CPA PLLC
Nashville, TN
May 17, 2016

NASHVILLE AREA ASSOCIATION FOR
THE EDUCATION OF YOUNG CHILDREN
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
As of December 31, 2015

ASSETS	2015
Current Assets	
Cash	\$ 63,182
Total Current Assets	<u>63,182</u>
TOTAL ASSETS	<u><u>\$ 63,182</u></u>
LIABILITIES AND NET ASSETS	
Liabilities	
Credit Card Liabilities	\$ 670
Payroll Liabilities	<u>-</u>
Total Liabilities	670
Net Assets	
Temporarily Restricted Net Assets	-
Unrestricted Net Assets	<u>62,512</u>
Total Net Assets	62,512
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 63,182</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, 2015**

	2015
Revenue	
ECE Conference Income	\$ 44,392
Membership Dues	12,066
Membership Meetings	1,205
Director's Day	404
Donations	340
Interest Income	43
Total Revenue	<u>58,450</u>
Expenses	
ECE Conference Expense	22,698
Facility Enhancement Grant	4,935
Scholarships	1,647
Board Care Fund	1,282
Director's Day	676
Children's Champion	311
Memorial Fund	45
Accounting Services	1,500
Bank Charges	938
Contributions	250
Insurance	1,053
Legal Expense and Permits	164
Meals and Entertainment	24
Member Meetings	1,535
Membership Fees	9,192
Miscellaneous	26
Newsletter	1,980
Office Expenses	597
Salaries & Wages	16,878
Payroll Taxes	1,291
Postage	584
Professional Development	1,444
Rent	870
Telephone	1,566
Web Page	149
Total Expenses	<u>71,635</u>
Increase (decrease) in Net Assets	(13,185)
Net Assets, beginning of year	<u>75,697</u>
Net Assets, end of year	<u><u>\$ 62,512</u></u>

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, 2015**

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 a nonprofit and is 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 Nashville Area Association for the Education of Young Children has no activities which lead to income taxes being levied.

The tax years 2013, 2014 and 2015 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.

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.

A. Significant Accounting Policies - (Continued)

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 \$870 in 2015. 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 the modified cash basis of accounting 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.

E. Subsequent Events

Beginning in 2017, NAAEYC will no longer be operating underneath the umbrella of the TAEYC (Tennessee Association for the Education of Young Children). The TAEYC has opted to partner with a different early childhood education organization while NAAEYC prefers to retain ties with the NAEYC (National Association for the Early Education of Young Children). It is not yet known what the financial impact, if any, of this restructuring plan will be on NAAEYC.