

NASHVILLE AREA ASSOCIATION FOR
THE EDUCATION OF YOUNG CHILDREN

Financial Statements - Modified Cash Basis

For the Year Ended December 31, 2019

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
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 as of December 31, 2019, and the related statement of revenues, expenses, and change 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 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 modified cash basis of accounting. I believe that the results of my procedures provide a reasonable basis for my conclusion.

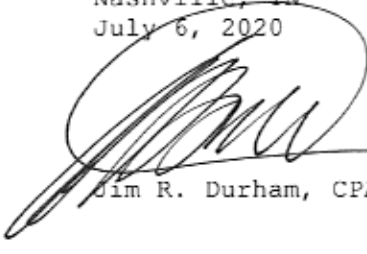
Accountant's Conclusion

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 accordance 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
July 6, 2020



Jim R. Durham, CPA

NASHVILLE AREA ASSOCIATION FOR
THE EDUCATION OF YOUNG CHILDREN
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
As of December 31, 2019

ASSETS

Current Assets	
Cash	\$ 79,006
Total Current Assets	<u>79,006</u>
TOTAL ASSETS	\$ <u>79,006</u>

LIABILITIES AND NET ASSETS

Liabilities	
Credit Card Liabilities	\$ <u>815</u>
Total Liabilities	<u>815</u>
Net Assets	
Unrestricted Net Assets	<u>78,191</u>
Total Net Assets	<u>78,191</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>79,006</u>

See accompanying notes and independent accountant's review report.

THE EDUCATION OF YOUNG CHILDREN
Statement of Revenues, Expenses, and
Change in Net Assets - Modified Cash Basis
For the year ended December 31, 2019

Revenue

ECE Conference Income	\$ 18,070
NAAEYC Membership Dues	32,003
NAEYC Membership Dues	5,614
Special Events	31,750
Donations	737
Interest Income	26
Total Revenue	<u>88,200</u>

Expenses

Special Events	28,683
NAEYC Membership Expense	5,016
ECE Conference Expense	10,803
Salaries & Wages	11,600
Payroll Taxes	887
Professional Development	3,751
Accounting Services	1,650
Rent	1,196
Insurance	1,116
Telephone	936
Advertising & Marketing	700
Payroll Processing Fees	600
Licenses & Permits	423
Membership Meeting Expense	150
Office Expenses	126
Miscellaneous Expense	274
Total Expenses	<u>67,911</u>

Increase (decrease) in Net Assets	20,289
Net Assets, beginning of year	<u>57,902</u>
Net Assets, end of year	<u>\$ 78,191</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, 2019**

A. Nature of Activities & Summary of Significant Accounting Policies

Nature of Activities

The NAAEYC provides training and printed materials and coordinates workshops for licensed child care 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.

Money Market Account

The Organization maintains its short-term investments 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. The fair value of the money market account as of December 31, 2019 was \$67,759.43.

Property and Equipment

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

Contributed Services

No amounts have been reflected in the statements for contributed services. The Organization generally pays for services requiring specific expertise. However, a substantial number of volunteers have donated significant amounts of their time to assist the Organization's efforts, but these services do not meet the criteria for recognition as contributed services.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Income Taxes

The Organization is a nonprofit and is tax-exempt under section 501(c)(3) of the Internal Revenue Code of 1986. The tax years 2016, 2017 and 2018 remain open to assessment by all major tax jurisdictions.

See accompanying independent accountant's review report.

A. Significant Accounting Policies - (Continued)

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.

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.

B. Leases

The Organization leases storage space. Total rent expense under this lease amounted to \$1,196 in 2019. The lease agreement is renewed on an annual basis.

C. Temporarily Restricted Net Assets

Temporarily restricted net assets were released for the following purpose at December 31, 2019:

CFMT grant for training purposes	<u>\$ 7,500</u>
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D. Subsequent Events

Subsequent events have been evaluated through July 6, 2020, which is the date the financial statements were available to be issued.