

NASHVILLE AREA ASSOCIATION FOR  
THE EDUCATION OF YOUNG CHILDREN

Financial Statements - Modified Cash Basis

For the Year Ended December 31, 2020

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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, 2020, 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 2, 2021

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, 2020**

**ASSETS**

Current Assets	
Cash	\$ 82,095
Total Current Assets	<u>82,095</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>82,095</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities	
Credit Card Liabilities	\$ 109
Total Liabilities	<u>109</u>
Net Assets	
Unrestricted Net Assets	<u>81,986</u>
Total Net Assets	<u>81,986</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>82,095</u></b>

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, 2020**

**Revenue**

NAAEYC Membership Dues	\$ 18,607
NAEYC Membership Dues	97
TECTA Accreditation Support	4,097
Membership Meetings	315
Donations	777
Interest Income	12
Total Revenue	<u>23,905</u>

**Expenses**

Salaries & Wages	9,894
Accounting Services	1,650
TECTA Accreditation Support	1,258
Travel	1,105
Rent	1,104
Insurance	920
Telephone	884
Payroll Taxes	757
Payroll Processing Fees	655
Membership Meeting Expense	511
Information Technology	417
Licenses & Permits	322
Professional Development	289
Advertising & Marketing	220
Office Expenses	82
Miscellaneous Expense	42
Total Expenses	<u>20,110</u>

<b>Increase (decrease) in Net Assets</b>	3,795
<b>Net Assets, beginning of year</b>	78,191
<b>Net Assets, end of year</b>	<u>\$ 81,986</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, 2020**

**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, 2020 was \$67,771.76.

**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)**

**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 \$1,104 in 2020. The lease agreement is renewed on an annual basis.

**C. Subsequent Events**

Subsequent events have been evaluated through July 2, 2021, which is the date the financial statements were available to be issued.

See accompanying independent accountant's review report.