

**Nashville Area Association for  
the Education of Young Children**

**Financial Statements – Modified Cash Basis**

**Year Ended December 31, 2012**



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

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, 2012, and the related statement of revenue, 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 for 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 1.

Lee Ann Knoch, CPA

May 13, 2013

**NASHVILLE AREA ASSOCIATION FOR  
THE EDUCATION OF YOUNG CHILDREN**  
**Statement of Assets, Liabilities and Net Assets - Modified Cash Basis**  
**As of December 31, 2012**

**ASSETS**

**Current Assets**

<b>Cash</b>	<b>\$ 91,461.83</b>
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<b>Total Current Assets</b>	<b>91,461.83</b>
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<b>TOTAL ASSETS</b>	<b><u>\$ 91,461.83</u></b>
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**LIABILITIES & NET ASSETS**

**Liabilities**

<b>Payroll Liabilities</b>	<b>\$ -</b>
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<b>Total Liabilities</b>	<b>-</b>
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**Net Assets**

<b>Temporarily Restricted Net Assets</b>	<b>-</b>
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<b>Unrestricted Net Assets</b>	<b>91,461.83</b>
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<b>Total Net Assets</b>	<b>91,461.83</b>
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<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 91,461.83</u></b>
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**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, 2012**

	Unrestricted	Temporarily Restricted	Total
<b>Revenue</b>			
Donations			\$ -
NAEYC Technical Assistance			-
Membership Grants			-
Memb. Dues	8,413.50		8,413.50
Membership Meetings	1,013.00		1,013.00
Director's Day	60.00		60.00
Newsletter Ads			-
ECE Income	19,584.35		19,584.35
TAEYC Conference Income			-
Interest Income	140.44		140.44
Miscellaneous Income			-
<b>Total Revenue</b>	<u>29,211.29</u>	<u>-</u>	<u>29,211.29</u>
<b>Net Assets Released from Restriction</b>			-
	<u>29,211.29</u>	<u>-</u>	<u>29,211.29</u>
<b>Expenses</b>			
Children's Champion	357.82		357.82
Board Care Fund	354.54		354.54
Memorial Fund	204.91		
Facility Enhancement Grant	3,066.00		3,066.00
Scholarships	1,000.00		1,000.00
ECE Expense	9,768.71		9,768.71
WOYC	49.84		49.84
Office Administrator Salary	13,441.76		13,441.76
Contract Labor			-
Payroll Taxes	1,028.28		1,028.28
Accounting Serv	1,930.00		1,930.00
Business Tax Fees	122.25		122.25
Business Permits			-
Penalty & Interest	204.71		204.71
Memb. Meetings	1,272.28		1,272.28
Fees to National for 1/2 membership	3,302.00		3,302.00
Office Supplies	132.28		132.28
Office Equipment	159.95		159.95
Telephone	1,605.63		1,605.63
Newsletter	1,906.26		1,906.26
Bulk Mailing	609.21		609.21
Postage	138.00		138.00
Directors' Day	681.23		681.23
Rent	2,010.00		2,010.00
Web Page	444.00		444.00
TAEYC Donation	1,379.00		1,379.00

See accompanying notes and 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, 2012**

	Unrestricted	Temporarily Restricted	Total
Bank Charges	335.48		335.48
Professional Development	405.00		405.00
Meals & Entertainment	309.30		309.30
Travel	1,611.10		1,611.10
Computer Expneses	1,796.23		1,796.23
Insurance	1,581.00		1,581.00
Miscellaneous	43.12		43.12
Depreciation Expense			-
<b>Total Expenses</b>	<b>51,249.89</b>	<b>-</b>	<b>51,249.89</b>
<b>Increase (decrease) in Net Assets</b>	<b>(22,038.60)</b>	<b>-</b>	<b>(22,038.60)</b>
<b>Prior Year Net Asset Adjustment</b>	<b>(303.00)</b>	<b>-</b>	<b>(303.00)</b>
<b>Net Assets at Beginning of year</b>	<b>113,803.43</b>		<b>113,803.43</b>
<b>Net Assets at end of year</b>	<b>\$ 91,461.83</b>	<b>\$ -</b>	<b>\$ 91,461.83</b>

See accompanying notes and accountant's review report

# **Nashville Area Association for the Education of Young Children**

## **Notes to the Financial Statements**

### **1) Summary of Significant Accounting Policies**

#### **Nature of Activities**

The NAAEYC provides training, 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 501c3 of the Internal Revenue Code of 1986.

#### **Property and Equipment**

It is the Organization's policy to expense equipment purchases in the year the expenditures are made. A computer was purchased in the amount of \$1,454.93 in April 2012 and was expensed according to the company's policy. The amount was depreciated for tax purposes on the 2012 Federal Form 990-ez.

#### **Contributed Services**

Contributed services, if applicable, are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No contributed services are reflected in these financial statements.

#### **Compensated Absences**

Employees of the Association 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 Association's policy is to recognize the cost of compensated absences when actually paid to employees.

**2) Leases**

The Association leased office space through October 2012. Total rent expense under this lease amounted to \$1,950 for the period from January 1, 2012 to October 31, 2012. The lease was not renewed. The Association now leases storage space and the expense amounted to \$60 for the period of November 2012 through December 2012.

**3) Temporarily Restricted Net Assets**

There are no temporarily restricted net assets.