

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

**Financial Statements – Modified Cash Basis**  
**December 31, 2006**  
**(With Accountants Review Report Thereon)**



Hill, Harper & Associates  
Certified Public Accountants

## Accountants Review Report

Terry A. Hill  
Ernest R. Harper

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

761 Old Hickory Boulevard  
Suite 206  
Brentwood, TN 37027  
TEL: 615/377-3485  
FAX: 615/377-3488

We have reviewed the accompanying statement of assets, liabilities, and net assets – modified cash basis of Nashville Area Association for the Education of Young Children as of December 31, 2006, and the related statement of revenues, expenses and changes in net assets – modified cash basis for the six month period from July 1, 2006 to December 31, 2006, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Nashville Area Association for the Education of Young People.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are 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.

*Hill, Harper & Associates*

June 21, 2007

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

**Statement of Assets, Liabilities and Net Assets – Modified Cash Basis**

**December 31, 2006**

**Assets**

**Assets:**

Cash \$ 127,062

Total assets \$ 127,062

**Liabilities and Net Assets**

**Liabilities:**

Payroll taxes payable \$ 163

Total liabilities 163

**Net assets:**

Unrestricted net assets 76,899

Temporarily restricted net assets 50,000

Total net assets 126,899

Total liabilities and net assets \$ 127,062

**See accompanying notes and accountants report.**

# NASHVILLE AREA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN

## Statement of Revenues, Expenses and Changes in Net Assets – Modified Cash Basis

For the Period from July 1, 2006 to December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
HCA grant	\$ —	66,666	66,666
Dues	2,542	—	2,542
ECE income	17,746	—	17,746
Interest	248	—	248
Advertising	80	—	80
Miscellaneous	1,177	—	1,177
<b>Total revenues</b>	21,793	66,666	88,459
<b>Net assets released from restrictions</b>	16,666	(16,666)	—
	38,459	50,000	88,459
<b>Expenses</b>			
Salaries and benefits	6,727	—	6,727
Accounting fees	400	—	400
Board training	506	—	506
Copier	236	—	236
ECE expense	3,751	—	3,751
Insurance	1,581	—	1,581
Internet	304	—	304
Legal	340	—	340
Marketing	732	—	732
Membership meetings	28	—	28
Postage	454	—	454
Printing	1,845	—	1,845
Newsletter	782	—	782
Office supplies	1,132	—	1,132
Rent	1,590	—	1,590
Contract labor	20,280	—	20,280
Telephone	949	—	949
Web page	169	—	169
Grants to other agencies	8,500	—	8,500
<b>Total expenses</b>	50,306	—	50,306
<b>Increase (decrease) in net assets</b>	(11,847)	50,000	38,153
<b>Net assets at beginning of year</b>	88,746	—	88,746
<b>Net assets at end of year</b>	\$ 76,899	50,000	126,899

See accompanying notes and accountants review report

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

## **Notes to the Financial Statements**

**December 31, 2006**

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

The Nashville Area Association for the Education of Young Children provides training, printed materials and coordinates workshops for daycare providers and counselors. The Association's policy is to prepare its financial statements on the cash basis of accounting. Consequently, revenues are recognized when received rather than when earned and expenses are recognized when cash is disbursed rather than when the obligation is incurred.

#### **Income Taxes**

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

#### **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 nonfinancial 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 leases office space on a month to month basis at \$325 monthly. Total rent expense under this lease amounted to \$1,590 for the period from July 1, 2006 to December 31, 2006.

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

**Notes to the Financial Statements, continued**

**(2) Temporarily Restricted Net Assets**

Temporarily restricted net assets are available as follows:

Grant to perform speech and language assessments on children	\$ <u>50,000</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes by expending funds received for the restricted purpose.

Grant to perform speech and language assessments on children	\$ <u>16,666</u>
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