

**TENNESSEE ASSOCIATION FOR THE
EDUCATION OF YOUNG CHILDREN, INC.**

**FINANCIAL STATEMENTS (UNAUDITED)
AND
INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

December 31, 2014

TENNESSEE ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of Tennessee Association for the Education of Young Children, Inc. (a nonprofit organization) as of December 31, 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association 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, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our 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 us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 accounting principles generally accepted in the United States of America.

Frasier, Dean & Howard, PLLC

April 6, 2015

TENNESSEE ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN, INC.
STATEMENT OF FINANCIAL POSITION (UNAUDITED)
December 31, 2014

Assets

Cash and cash equivalents	\$ 193,083
Certificate of deposit	38,638
Accounts receivable	795
Prepaid expense	238
Cash held for the benefit of chapters	<u>16,017</u>
Total assets	<u><u>\$ 248,771</u></u>

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$ 16,225
Amounts held for the benefit of chapters	<u>16,017</u>
Total liabilities	<u>32,242</u>

Net assets:

Unrestricted	214,951
Temporarily restricted	<u>1,578</u>
Total net assets	<u>216,529</u>
Total liabilities and net assets	<u><u>\$ 248,771</u></u>

See accompanying notes and independent accountant's review report.

TENNESSEE ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (UNAUDITED)
For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Annual conference revenue	\$ 94,133	\$ -	\$ 94,133
Membership dues	23,825	-	23,825
Grants and contributions	4,819	-	4,819
Other revenue	4,029	-	4,029
	<u>126,806</u>	<u>-</u>	<u>126,806</u>
Total support and revenue			
Expenses:			
Program services	88,053	-	88,053
Management and general	52,877	-	52,877
	<u>140,930</u>	<u>-</u>	<u>140,930</u>
Total expenses			
Change in net assets	(14,124)	-	(14,124)
Net assets, beginning of year	<u>229,075</u>	<u>1,578</u>	<u>230,653</u>
Net assets at end of year	<u>\$ 214,951</u>	<u>\$ 1,578</u>	<u>\$ 216,529</u>

See accompanying notes and independent accountant's review report.

TENNESSEE ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES (UNAUDITED)
For the Year Ended December 31, 2014

	<u>Program</u>	<u>Management and General</u>	<u>Total Expenses</u>
Annual TAEYC conference	\$ 69,622	\$ -	\$ 69,622
Salaries and taxes	18,191	6,063	24,254
Professional fees	-	16,630	16,630
Program/event expense	-	16,382	16,382
Board meeting expense	-	3,654	3,654
Rent	-	2,259	2,259
Insurance	-	2,082	2,082
Professional development	-	1,521	1,521
Office expense	-	1,486	1,486
Miscellaneous	-	1,333	1,333
Communications	-	1,275	1,275
Pre-K conference public relations/marketing	240	-	240
Marketing	-	192	192
	<u>\$ 88,053</u>	<u>\$ 52,877</u>	<u>\$ 140,930</u>

See accompanying notes and independent accountant's review report.

TENNESSEE ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN, INC.
STATEMENT OF CASH FLOWS (UNAUDITED)
For the Year Ended December 31, 2014

Cash flows from operating activities:	
Change in net assets	\$ (14,124)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Interest reinvested in certificate of deposit	(115)
Changes in operating assets and liabilities:	
Accounts receivable	1,092
Prepaid expense	1,587
Accounts payable and accrued expenses	9,458
Deferred revenue	<u>(450)</u>
Net cash used in operating activities	<u>(2,552)</u>
Net decrease in cash and cash equivalents	(2,552)
Cash and cash equivalents at beginning of year	<u>195,635</u>
Cash and cash equivalents at end of year	<u><u>\$ 193,083</u></u>

See accompanying notes and independent accountant's review report.

TENNESSEE ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Association

Tennessee Association for the Education of Young Children, Inc. (the “Association”) was organized in 1954 and is an affiliate of the National Association For The Education Of Young Children, Inc. The Association, a nonprofit organization, provides opportunities for members to enhance their experiences and to increase their knowledge of the various approaches to the development, the care and the education of the young child and to coordinate the efforts of others in promoting the general welfare of, and improving the educational opportunities for, all of Tennessee’s young children. The Association is supported primarily through conference fees, member dues, and contributions.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Association is required to present a statement of cash flows. Net assets of the Association are presented as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. There were no permanently restricted net assets at December 31, 2014.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Association reports the support as unrestricted.

Income Taxes

The Association is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is included in the accompanying financial statements. The Association follows Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized.

TENNESSEE ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Association has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include the years ended December 31, 2011 through December 31, 2014. The Association had no uncertain tax positions at December 31, 2014.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Support and Revenue Recognition

The Association accounts for contributions in accordance with guidance which states that contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Grant revenue is generally recognized to the extent qualifying expenditures have been incurred.

Cash and Cash Equivalents

The Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents for the statement of cash flows.

TENNESSEE ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method. Currently, the Association does not own any property and equipment.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program and management and general based on estimates made by management.

Subsequent Events

Management has evaluated subsequent events through April 6, 2015, when these financial statements were available to be issued. Other than the item noted in Note 2, the Association is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

NOTE 2 – CERTIFICATE OF DEPOSIT

On December 31, 2014, the Association had a certificate of deposit in the amount of \$38,638 yielding 0.3% and maturing February 2015. This certificate is held in a brokerage account and is federally insured. Interest is paid upon maturity; therefore, the certificate is reported at the original investment. The fair value of the certificate of deposit approximates carrying value because of the short-term maturity of the certificate. In February 2015, the certificate of deposit was renewed at a rate of 0.3% with a maturity of August 2015.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable are due primarily from various private agencies and are expected to be received within one year. The carrying values of accounts receivable approximate their fair values due to the short maturities of these instruments. No allowance for uncollectible amounts was considered necessary at December 31, 2014.

TENNESSEE ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2014

NOTE 4 – AMOUNTS HELD FOR THE BENEFIT OF CHAPTERS

The National Association for the Education of Young Children (“NAEYC”) oversees state affiliates (such as the Association), local affiliates, and local chapters. When a local affiliate changes to a chapter status, the NAEYC requires assets to be transferred to the state affiliate to be held and managed until the chapter can either regain affiliate status, or until the chapter and its related funds are redistributed to other local affiliates. At December 31, 2014, the Association held funds for the following chapters which are reflected as both an asset and liability in the accompanying statement of financial position:

West Tennessee Association for the Education of Young Children	\$ 12,590
Other new chapters	<u>3,427</u>
	<u>\$ 16,017</u>

NOTE 5 – COMMITMENTS

The Association entered into an agreement dated July 2014 for conference space rental for the annual conference to be held September 2015. In the event of cancellation, the Association will be required to pay a portion of the expected revenue with the percentage due based upon the number of days notice given.

NOTE 6 – CONCENTRATIONS

The Association may, at times, maintain cash deposits in excess of federally insured limits. In management’s opinion, risk relating to such deposits is minimal.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose at December 31, 2014:

TECTA grant activities	<u>\$ 1,578</u>
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