

TENNESSEE ASSOCIATION FOR  
CHILDREN'S EARLY EDUCATION

FINANCIAL STATEMENTS

December 31, 2018



TENNESSEE ASSOCIATION FOR  
CHILDREN'S EARLY EDUCATION

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# JIM R DURHAM CPA PLLC

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Tennessee Association for Children's Early Education  
Nashville, TN

I have reviewed the accompanying financial statements of the Tennessee Association for Children's Early Education (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets and statement of functional expenses 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 accounting principles generally accepted in the United States of America; this includes 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, except for the issue noted in the Known Departure From Accounting Principles Generally Accepted in the United States of America paragraph, 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 accounting principles generally accepted in the United States of America.

Associate Member of



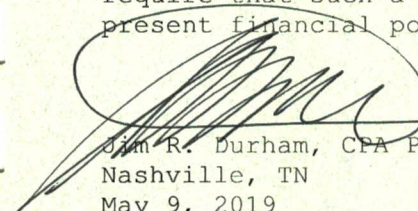
Jim Durham, Financial Advisor • Jennifer Winchell, Registered Representative  
Securities offered through H.D. Vest Investment Services<sup>SM</sup>, Member: SIPC,  
Advisory Services offered through H.D. Vest Advisory Services<sup>SM</sup>,





**Know Departure From Accounting Principles Generally Accepted in the United States  
of America**

A statement of cash flows for the year ended December 31, 2018, has not been presented. Accounting principles generally accepted in the United States of America require that such a statement be presented when financial statements purport to present financial position and results of operations.



Jim R. Durham, CPA PLLC  
Nashville, TN  
May 9, 2019

Jim R. Durham, CPA



TENNESSEE ASSOCIATION FOR  
CHILDREN'S EARLY EDUCATION  
Statement of Financial Position  
As of December 31, 2018

**ASSETS**

Current Assets

Cash & Cash Equivalents	\$ 129,574
Certificate of Deposit	39,220
Accounts Receivable	60
Prepaid Expense	7,857

Total Current Assets 176,711

**TOTAL ASSETS**

\$ 176,711

**LIABILITIES AND NET ASSETS**

Liabilities

Accounts Payable & Accrued Expenses	\$ 2,775
Payroll Liabilities	-

Total Liabilities 2,775

Net Assets

Temporarily Restricted Net Assets	-
Unrestricted Net Assets	173,936

Total Net Assets 173,936

**TOTAL LIABILITIES AND NET ASSETS**

\$ 176,711

See accompanying notes and independent accountant's review report.

TENNESSEE ASSOCIATION FOR  
CHILDREN'S EARLY EDUCATION  
Statement of Activities & Changes in Net Assets  
For the year ended December 31, 2018

	Unrestricted	Temporarily Restricted	Total
<b>Support &amp; Revenue</b>			
Annual Conference Revenue	\$ 39,105	\$ -	\$ 39,105
Membership Dues	17,085	-	17,085
Grants & Contributions	3,933	-	3,933
Other Revenue	104	-	104
	<hr/>	<hr/>	<hr/>
Total Support & Revenue	60,227	-	60,227
	<hr/>	<hr/>	<hr/>
<b>Expenses</b>			
Program Expenses	63,287	-	63,287
Management and General	23,217	-	23,217
	<hr/>	<hr/>	<hr/>
Total Expenses	86,504	-	86,504
	<hr/>	<hr/>	<hr/>
Change in Net Assets	(26,277)	-	(26,277)
	<hr/>	<hr/>	<hr/>
<b>Net Assets, beginning of year</b>	200,213	-	200,213
	<hr/>	<hr/>	<hr/>
<b>Net Assets, end of year</b>	<u>\$ 173,936</u>	<u>\$ -</u>	<u>\$ 173,936</u>

See accompanying notes and independent accountant's review report.



TENNESSEE ASSOCIATION FOR  
CHILDREN'S EARLY EDUCATION  
Statement of Functional Expenses  
For the year ended December 31, 2018

Expenses	Program	Management and General	Total Expenses
Annual Conference Expense	\$ 25,028	\$ -	\$ 25,028
Salaries & Taxes	18,325	6,109	24,434
Legal & Professional Expense	5,000	9,372	14,372
Program/Event Expense	5,178	-	5,178
Board Meeting Expense	-	3,745	3,745
Membership Dues	2,345	782	3,127
Rent	1,737	579	2,316
Insurance	1,571	524	2,095
Office Expenses	1,649	550	2,199
Professional Development	1,583	-	1,583
Miscellaneous Expenses	-	1,340	1,340
Communications	646	216	862
Charitable Contributions	225	-	225
Total Expenses	<u>\$ 63,287</u>	<u>\$ 23,217</u>	<u>\$ 86,504</u>

See accompanying notes and independent accountant's review report.

**Tennessee Association for  
Children's Early Education  
Notes to the Financial Statements  
For the Year Ended December 31, 2018**

**NOTE 1- NATURE OF OPERATIONS**

The Tennessee Association for Children's Early Education, Inc. (the "Association") was organized in 1954 and is an affiliate of the Southern Early Childhood Association (SECA). 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.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Association are presented on the accrual basis of accounting, under which revenue is recognized when earned rather than when collected and expenses are recognized when incurred rather than when disbursed. The significant account policies followed are described below.

**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. 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. There were no temporarily restricted net assets at December 31, 2018.

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, 2018.

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.



## **NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **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 financial position.

### **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.

### **Property and Equipment**

Acquisitions of property and equipment in excess of \$1,000 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.

### **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 tax years 2016, 2017 and 2018 remain open to assessment by all major tax jurisdictions.

### **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.

### **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 May 9<sup>th</sup>, 2019, which is the date the financial statements were available to be issued. Other than the item in Note 3, 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 3- CERTIFICATE OF DEPOSIT**

On December 31<sup>st</sup>, 2018, the Association maintained a certificate of deposit in the amount of \$39,220 yielding 0.3% and maturing in February 2019. This certificate was held in a brokerage account and was 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 2019, the certificate of deposit was not renewed and the funds were transferred to a money market account.

#### **NOTE 4- 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, 2018.

#### **NOTE 5- PREPAID EXPENSES**

Prepaid expenses at December 31, 2018 include:

2019 conference deposit	\$7,060
2019 conference travel costs	492
Other	<u>305</u>
	<u>\$7,857</u>

#### **NOTE 6- COMMITMENTS**

The Association entered into an agreement dated December 4th, 2018 for conference space rental for the annual conference to be held October 2019. In the event of cancelation, the Association will be required to pay a portion of the expected revenue (the percentage due is based upon the number of days notice given), plus applicable taxes and service charges.

#### **NOTE 7- 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.