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April 27, 2016

Board of Directors
Indiana Association for the Education of Young Children
4755 Kingsway Drive
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Indianapolis, IN 46205

We have reviewed the audit report prepared by Crowe Horwath LLP, for the period July 1, 2014 to June 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Indiana Association for the Education of Young Children, as of June 30, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**INDIANA ASSOCIATION FOR THE
EDUCATION OF YOUNG CHILDREN**

FINANCIAL STATEMENTS
June 30, 2015 and 2014

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
Indianapolis, Indiana

FINANCIAL STATEMENTS
June 30, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Indiana Association for the Education of Young Children
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Indiana Association for the Education of Young Children ("Indiana AEYC") which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position the Indiana Association for the Education of Young Children as of June, 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the accompanying schedules of functional expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015 on our consideration of Indiana AEYC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Indiana AEYC's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
November 12, 2015

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash:		
Association	\$ 366,807	\$ 422,888
Chapters	<u>78,827</u>	<u>76,318</u>
Total cash	445,634	499,206
Grant reimbursement and other receivables	1,030,119	843,457
Furniture and equipment (net of accumulated depreciation of \$98,688 and \$84,318 for 2015 and 2014)	41,229	31,251
Other assets	<u>3,287</u>	<u>1,247</u>
Total assets	<u>\$ 1,520,269</u>	<u>\$ 1,375,161</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 471,006	\$ 430,880
Accrued payroll	101,836	92,690
Deferred membership dues	20,183	21,024
Deferred conference revenue	<u>3,619</u>	<u>4,850</u>
Total liabilities	<u>596,644</u>	<u>549,444</u>
 NET ASSETS		
Unrestricted (includes Board Designated amounts totaling \$38,567 and \$36,033 for 2015 and 2014 respectively)	913,625	815,717
Temporarily restricted (Note 6)	<u>10,000</u>	<u>10,000</u>
Total net assets	<u>923,625</u>	<u>825,717</u>
Total liabilities and net assets	<u>\$ 1,520,269</u>	<u>\$ 1,375,161</u>

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
STATEMENT OF ACTIVITIES
Year ended June 30, 2015

	Association	I.E.A.C.H.	Accreditation Project	Non-Formal CDA Project	Other Programs	Unrestricted Total	Temporarily Restricted	Total
Revenues								
Membership dues	\$ 41,366	\$ -	\$ -	\$ -	\$ -	\$ 41,366	\$ -	\$ 41,366
Grants - federal	-	2,488,846	2,280,959	604,607	144,609	5,519,021	-	5,519,021
Contributions	18,205	-	-	-	-	18,205	-	18,205
Scholarship sponsors	-	230,795	-	-	-	230,795	-	230,795
Conference fees	310,463	-	-	-	-	310,463	-	310,463
Interest income	236	-	-	-	-	236	-	236
Other	61,297	-	-	10,335	51,365	122,997	-	122,997
Total revenues	431,567	2,719,641	2,280,959	614,942	195,974	6,243,083	-	6,243,083
Expenses								
Program services								
Grant funded projects	-	2,505,723	2,014,302	525,250	206,931	5,252,206	-	5,252,206
State Conference program	123,747	-	-	-	-	123,747	-	123,747
Member services	4,563	-	-	-	-	4,563	-	4,563
Other programs	11,998	-	-	-	-	11,998	-	11,998
Local chapters	36,929	-	-	-	-	36,929	-	36,929
Dues to chapters	9,107	-	-	-	-	9,107	-	9,107
Total program services	186,344	2,505,723	2,014,302	525,250	206,931	5,438,550	-	5,438,550
Management and general	138,023	210,034	267,405	88,347	2,816	706,625	-	706,625
Total expenses	324,367	2,715,757	2,281,707	613,597	209,747	6,145,175	-	6,145,175
Change in net assets	107,200	3,884	(748)	1,345	(13,773)	97,908	-	97,908
Net assets, beginning of year	823,142	37,643	(39,185)	(10,123)	4,240	815,717	10,000	825,717
Net assets, end of year	\$ 930,342	\$ 41,527	\$ (39,933)	\$ (8,778)	\$ (9,533)	\$ 913,625	\$ 10,000	\$ 923,625

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
STATEMENT OF ACTIVITIES
Year ended June 30, 2014

	Association	T.E.A.C.H.	Accreditation Project	Non-Formal CDA Project	Other Programs	Unrestricted Total	Temporarily Restricted	Total
Revenues								
Membership dues	\$ 46,432	\$ -	\$ -	\$ -	\$ -	\$ 46,432	\$ -	\$ 46,432
Grants - federal	-	2,188,437	1,859,329	539,092	-	4,586,858	-	4,586,858
Contributions	32,348	-	-	-	-	32,348	-	32,348
Scholarship sponsors	-	229,394	-	-	-	229,394	-	229,394
Conference fees	225,771	-	-	-	-	225,771	-	225,771
Interest income	163	-	-	-	-	163	-	163
Other	39,455	-	-	6,565	-	46,020	-	46,020
Total revenues	344,169	2,417,831	1,859,329	545,657	-	5,166,986	-	5,166,986
Expenses								
Program services								
Grant funded projects	-	2,204,095	1,654,707	520,297	-	4,379,099	-	4,379,099
State Conference program	156,162	-	-	-	-	156,162	-	156,162
Member services	9,156	-	-	-	-	9,156	-	9,156
Other programs	43,610	-	-	-	-	43,610	-	43,610
Local chapters	27,859	-	-	-	-	27,859	-	27,859
Dues to chapters	9,303	-	-	-	-	9,303	-	9,303
Total program services	246,090	2,204,095	1,654,707	520,297	-	4,625,189	-	4,625,189
Management and general	155,162	221,993	223,411	31,305	2,816	634,687	-	634,687
Total expenses	401,252	2,426,088	1,878,118	551,602	2,816	5,259,876	-	5,259,876
Change in net assets	(57,083)	(8,257)	(18,789)	(5,945)	(2,816)	(92,890)	-	(92,890)
Net assets, beginning of year	880,225	45,900	(20,396)	(4,178)	7,056	908,607	10,000	918,607
Net assets, end of year	\$ 823,142	\$ 37,643	\$ (39,185)	\$ (10,123)	\$ 4,240	\$ 815,717	\$ 10,000	\$ 825,717

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 97,908	\$ (92,890)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	14,370	10,728
Changes in assets and liabilities:		
Grant reimbursement and other receivables	(186,662)	(151,428)
Other assets	(2,040)	768
Accounts payable	40,126	81,582
Accrued payroll	9,146	43,570
Deferred revenue	(2,072)	(8,302)
Net cash from operating activities	<u>(29,224)</u>	<u>(115,972)</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(24,348)</u>	<u>(17,484)</u>
Net cash from investing activities	<u>(24,348)</u>	<u>(17,484)</u>
Net change in cash	(53,572)	(133,456)
Cash, beginning of year	<u>499,206</u>	<u>632,662</u>
Cash, end of year	<u>\$ 445,634</u>	<u>\$ 499,206</u>

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2015 and 2014

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Programs: Indiana Association for the Education of Young Children ("Indiana AEYC") was incorporated as a not-for-profit organization under the laws of the State of Indiana. It was established to promote and support quality care and education for children. The organization is dedicated to improving early childhood education and recognizes high quality programs so that parents can make informed choices. During the years ended June 30, 2015 and 2014, Indiana AEYC provided the following program services:

- Indiana Early Childhood Conference – The annual Indiana Early Childhood Conference is the largest statewide conference providing over 200 workshops linked to core knowledge and competencies for over 3,500 early childhood professionals in Indiana. In 2015, Indiana AEYC provided scholarships to support the registration fees for early childhood professionals to attend the conference.
- T.E.A.C.H. (Teacher Education and Compensation Helps) Early Childhood® INDIANA project provides scholarships to early childhood professionals linking credit-based professional development, to increased compensation and an increased commitment to work with young children. Scholarships are provided to support the CDA (Child Development Associate National Credential) training and assessment and the Early Childhood/Child Development Associate and Bachelor degrees.
- Accreditation Project – The Indiana Accreditation Project supports national accreditation to increase the quality of early childhood programs. The Indiana Accreditation Project provides support for early childhood programs enrolled in the Paths To QUALITY™ (Indiana's quality rating and improvement system) to obtain, maintain national accreditation and continuous quality improvement. Early childhood and youth facilities, including child care centers, family child care homes, non-licensed registered ministries, schools and after school programs are eligible to participate in this project.
- Non Formal CDA (Child Development Associate) Project – The Indiana Non Formal CDA Project provides the training to meet the national CDA credential.
- Early Childhood Workforce and Professional Development Systems – Indiana AEYC completed the 2014 Indiana Child Care Workforce Study a follow up report to the 2010 and 2005 Workforce Studies. The 2015 Indiana Early Childhood Higher Education Inventory program maps the courses, competencies and capacity of the Indiana Early Childhood Higher Education facilities and faculty. Indiana Early Childhood Higher Education Forum and Articulation Summit – provided staffing and research to support the continued development of articulation agreements between and with the two year and four year, public and private higher education institutions.

Local Chapters: Sixteen local chapters are chartered under the auspices of Indiana AEYC. These chapters are legal subsidiaries of Indiana AEYC and are included in the financial statements. Each chapter maintains its own bank account.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Income Tax Status: Indiana AEYC is exempt from federal and Indiana income taxes under Section 501(c)(3) of the U. S. Internal Revenue Code and is not considered to be a private foundation.

(Continued)

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2015 and 2014

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Guidance issued by the Financial Accounting Standards Board ("FASB") requires the Indiana AEYC to recognize a tax benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Indiana AEYC has examined this issue and has determined there are no material contingent tax liabilities or questionable tax positions.

Indiana AEYC does not expect the total amount of unrecognized tax liabilities to significantly change in the next 12 months. Indiana AEYC recognizes interest and/or penalties related to income tax matters in income tax expense. Indiana AEYC did not have any amounts accrued for interest and penalties at June 30, 2015 and 2014.

Cash: Cash consists of bank deposits in accounts that are federally insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of June 30, 2015 and 2014, Indiana AEYC has deposits with financial institutions exceeding the FDIC limit by \$18,742 and \$85,109, respectively.

Grants Reimbursement and Other Receivables: Indiana AEYC's grant reimbursement and other receivable balances consist of amounts billed or billable for services provided, net of an allowance for doubtful accounts. Interest is not charged on outstanding receivables.

Allowance For Uncollectible Accounts: The allowance for uncollectible accounts is determined by management based upon Indiana AEYC's historical losses, specific circumstances and general economic conditions. At June 30, 2015 and 2014, management estimated that no allowance was needed.

Furniture and Equipment: Expenditures greater than \$500 for furniture and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Indiana AEYC provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	<u>Years</u>
Furniture and equipment	5-7

Equipment acquired with government grants has been capitalized for financial statement purposes but was expensed by Indiana AEYC for grant reporting purposes. If program services are discontinued, disposition of fixed assets acquired with federal or state funding is subject to guidelines as set forth by the grantor.

Impairment of Long-Lived Assets: In accordance with GAAP, Indiana AEYC reviews its furniture and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended June 30, 2015 or 2014.

Deferred Revenue: Income from membership dues is deferred when received, and recognized over the periods to which the dues relate. Conference revenues received in advance are deferred, and recognized in the period in which the conference is held.

(Continued)

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2015 and 2014

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Net Asset Classifications: The financial statements have been prepared in accordance with GAAP, which requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon the donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted. The following classes of net assets are maintained:

Unrestricted Net Assets – The unrestricted net asset class includes general and board designated net assets. The unrestricted net assets may be used at the discretion of management to support Indiana AEYC's purposes and operations.

Temporarily Restricted Net Assets – Temporarily restricted net assets represent the part of the net assets of Indiana AEYC resulting from contributions and other inflows of assets whose use by Indiana AEYC is limited by donor-imposed stipulations that either expire by passage of time or actions of Indiana AEYC. The nature of Indiana AEYC's temporarily restricted net assets is disclosed in Note 6.

Permanently Restricted Net Assets – The permanently restricted net asset class includes assets of Indiana AEYC for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or their economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. At June 30, 2015 and 2014, Indiana AEYC does not have any permanently restricted net assets.

Support and Revenues: Indiana AEYC 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, Indiana AEYC reports the support as unrestricted.

Concentrations: For the years ended June 30, 2015 and 2014, revenue from federal funding sources represented approximately 88% and 89%, respectively, of Indiana AEYC's total revenue.

Government Grants: Support funded by grants is recognized as Indiana AEYC performs the contracted services under grant agreements. Grant revenue is recognized when the eligible expenses have been incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Donated Property and Equipment: Indiana AEYC reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, Indiana AEYC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service, as instructed by the donor. Indiana AEYC reclassifies temporarily restricted net assets to unrestricted net assets at that time.

(Continued)

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2015 and 2014

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Donated Services: Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Indiana AEYC relies on the contributed services of many volunteers; however, the criteria to record the values of these services have not been met and therefore they are not recorded in the financial statements.

Functional Expenses: Expenses are allocated directly or indirectly to various program and supporting services in the statement of functional expenses. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural classification. All remaining indirect costs are allocated using both statistical and non-statistical allocation methodologies.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2015, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2015. Management has performed their analysis through November 12, 2015, the date the financial statements were available to be issued.

NOTE 2 - LEASES

Indiana AEYC leases its facilities under an operating lease arrangement which expires December 31, 2017. Indiana AEYC also leases a copier which is used in the office. The copier lease expires March 2017. Rental expense for these leases included in the statements of activities for the year ended June 30, 2015 and 2014 was \$85,868 and \$85,561.

Indiana AEYC's minimum annual rental payments required under operating leases with remaining terms at June 30, 2015, are as follows:

2016	\$ 87,467
2017	88,144
2018	<u>43,024</u>
	<u>\$ 218,635</u>

NOTE 3 - GRANT COMMITMENTS

Indiana AEYC receives its grant support through monthly claims filed with the respective funding agency, not to exceed a limit specified in the funding agreement. The financial statements are prepared on the accrual basis; therefore, all earned portions of the grants not yet received as of June 30, 2015 have been recorded as receivables. As of the date of this report, Indiana AEYC had signed grant contracts totaling \$1,736,448 for the period from July 1, 2015 through September 30, 2015 and \$10,661,400 for the period from October 1, 2015 through September 30, 2017. These amounts have not been recorded as revenue but are disclosed as a commitment.

(Continued)

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2015 and 2014

NOTE 4 - ACTIVITIES WITH RELATED PARTIES

Indiana AEYC is affiliated with the National Association for the Education of Young Children ("NAEYC") and sixteen local chapters. NAEYC collects membership dues and remits the state and local portion to Indiana AEYC.

As part of its Non-formal CDA program, Indiana AEYC occasionally considers sub-recipient grant requests from early childhood entities with a history of providing the National Child Development Associate (CDA Training), some of whom employ members of Indiana AEYC's Board of Directors. These Indiana Non-formal CDA grant applications are evaluated by a group that is independent of the Board, and are subject to the same criteria as all other applicants. There were no grants made to organizations that employed Board members during the years ended June 30, 2015 and 2014. During the years ended June 30, 2015 and 2014, Indiana AEYC made payments of \$2,093 and \$9,693, respectively, to Board members for their services as an instructor in the Non-formal CDA program.

NOTE 5 - EMPLOYEE BENEFITS

Indiana AEYC maintains a 401(k) defined-contribution plan for the benefit of substantially all of its full-time employees, which allows for both employee and employer contributions. Indiana AEYC's contribution consists of a discretionary contribution of up to four percent of eligible employee compensation. Indiana AEYC's contribution to the plan was \$55,780 and \$54,686 for 2015 and 2014, respectively.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for program development and implementation. At June 30, 2015 and 2014, Indiana AEYC had temporarily restricted net assets of \$10,000.

SUPPLEMENTAL INFORMATION

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
 SCHEDULE OF FUNCTIONAL EXPENSES
 Year ended June 30, 2015

	I.E.A.C.H.	Accreditation Project	Non-Formal CDA Project	Other Programs	State Conference	Member Services	Other Association Programs	Local Chapters	Dues to Chapters	Management and General	Total Expenses
Salaries and wages	\$ 702,040	\$ 1,291,758	\$ 237,166	\$ 49,853	\$ 16,888	\$ 2,406	2,672	\$ -	\$ -	\$ 20,868	\$ 2,323,651
Employee benefits	206,304	341,791	64,967	11,141	4,235	625	474	-	-	6,701	636,238
Total salaries and employee benefits	908,344	1,633,549	302,133	60,994	21,123	3,031	3,146	-	-	27,569	2,959,889
Programs and activities	-	443,483	282,405	76,966	81,640	-	-	34,807	-	-	919,301
Committee and program development	-	-	-	799	-	-	8,543	-	-	65,421	74,763
Scholarships	1,696,933	-	-	47,353	-	-	-	-	-	-	1,744,286
Dues paid to chapters	-	-	-	-	-	-	-	-	9,107	-	9,107
Supplies and expendables	6,133	11,016	1,670	3,164	1,707	11	-	516	-	406	24,623
Travel and training	13,375	111,456	5,288	3,719	6,949	-	-	-	-	33,214	174,011
Dissemination/promotion	200	140	200	-	-	-	-	-	-	-	540
Insurance	5,552	8,158	1,446	-	820	20	-	-	-	2,307	18,303
Professional services and fees	13,816	9,360	2,600	-	3,959	8	6	82	-	4,029	33,860
Printing and publications	2,898	2,634	959	3,672	2,517	14	1	79	-	686	13,460
Postage	5,125	3,037	1,205	6,495	3,452	11	31	56	-	1,119	20,531
Rent	55,263	18,211	13,581	-	263	30	8	-	-	(352)	87,004
Other expenses	3,016	3,443	619	3,285	-	1,408	238	1,389	-	-	13,398
Telephone	7,285	14,371	1,850	484	78	11	21	-	-	142	24,242
Technology support	(7,456)	17,827	(1,411)	-	1,239	19	4	-	-	3,265	13,487
Depreciation	5,273	5,022	1,042	2,816	-	-	-	-	-	217	14,370
Totals	\$ 2,715,757	\$ 2,281,707	\$ 613,597	\$ 209,747	\$ 123,747	\$ 4,563	\$ 11,998	\$ 36,929	\$ 9,107	\$ 138,023	\$ 6,145,175

See report of independent auditors.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
 SCHEDULE OF FUNCTIONAL EXPENSES
 Year ended June 30, 2014

	I.E.A.C.H.	Association										Total Expenses
		Accreditation Project	Non-Formal CDA Project	Other Programs	State Conference	Member Services	Other Association Programs	Local Chapters	Dues to Chapters	Management and General		
Salaries and wages	\$ 615,436	\$ 954,756	\$ 179,654	\$ -	\$ 22,773	\$ 3,983	\$ 6,318	\$ -	\$ -	\$ 29,864	\$ 1,812,784	
Employee benefits	173,501	241,996	46,297	-	5,680	1,052	565	-	-	7,302	476,393	
Total salaries and employee benefits	788,937	1,196,752	225,951	-	28,453	5,035	6,883	-	-	37,166	2,289,177	
Programs and activities	-	479,894	288,935	-	90,697	-	-	25,325	-	-	884,851	
Committee and program development	-	-	-	-	-	-	11,248	-	-	86,823	98,071	
Scholarships	1,496,458	-	-	-	-	-	-	-	-	-	1,496,458	
Dues paid to chapters	-	-	-	-	-	-	-	-	9,303	-	9,303	
Supplies and expendables	10,577	13,983	4,393	-	1,149	440	18,838	-	-	1,801	51,181	
Travel and training	9,434	96,835	3,574	-	6,662	-	3,975	-	-	9,011	129,491	
Dissemination/promotion	2,579	2,732	600	-	-	-	-	-	-	1,348	7,259	
Insurance	5,093	6,580	1,089	-	963	13	13	-	-	2,184	15,935	
Professional services and fees	12,594	8,199	3,899	-	4,523	7	9	129	-	4,921	34,281	
Printing and publications	4,473	4,954	2,092	-	2,998	1,591	2,270	526	-	2,590	21,494	
Postage	5,370	2,614	982	-	3,572	53	21	111	-	1,753	14,476	
Rent	51,604	17,184	10,879	-	1,408	25	57	-	-	732	81,889	
Other expenses	2,854	2,647	475	-	-	1,730	167	1,768	-	363	10,004	
Telephone	10,811	17,353	2,462	-	246	45	101	-	-	791	31,809	
Technology support	21,863	24,910	5,491	-	15,491	217	28	-	-	5,449	73,469	
Depreciation	3,421	3,481	780	-	-	-	-	-	-	230	10,728	
Totals	\$ 2,426,088	\$ 1,878,118	\$ 551,602	\$ 2,816	\$ 156,162	\$ 9,156	\$ 43,610	\$ 27,859	\$ 9,303	\$ 155,162	\$ 5,259,876	

See report of independent auditors.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2015

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amounts Awarded to Subrecipients</u>
<u>Department of Health and Human Services</u>				
Pass-through program from: Indiana Family and Social Services Administration, Division of Family Resources.				
Child Care and Development Block Grant for T.E.A.C.H Early Childhood® INDIANA	93.575	49-12-87-1427	\$ 2,214,029	\$ -
Child Care and Development Block Grant for the Indiana Accreditation Project	93.575	49-12-87-1427	2,280,959	-
Child Care and Development Block Grant for the Indiana Non-Formal CDA Project	93.575	49-12-87-1427	604,607	213,835
Child Care and Development Block Grant for Infant and Toddler Project	93.575	49-12-87-1427	<u>327,564</u>	<u>-</u>
Total Child Care and Development Block Grant cluster			<u>5,427,159</u>	<u>213,835</u>
Head Start	93.600	49-12-91-1427	<u>91,862</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 5,519,021</u>	<u>\$ 213,835</u>

See accompanying notes to schedule of expenditures of federal awards.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2015

NOTE 1 - BASIS OF PRESENTATION

This schedule includes the federal awards activity of the Indiana Association for the Education of Young Children and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Indiana Association for the Education of Young Children
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Indiana Association for the Education of Young Children ("Indiana AEYC"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Indiana AEYC's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Indiana AEYC's internal control. Accordingly, we do not express an opinion on the effectiveness of Indiana AEYC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Indiana AEYC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
November 12, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Directors
Indiana Association for the Education of Young Children
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited the Indiana Association for the Education of Young Children's ("Indiana AEYC") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Indiana AEYC's major federal program for the year ended June 30, 2015. Indiana AEYC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Indiana AEYC's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Indiana AEYC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Indiana AEYC's compliance.

Opinion on Major Federal Program

In our opinion, Indiana AEYC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

(Continued)

Report on Internal Control Over Compliance

Management of Indiana AEYC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Indiana AEYC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Indiana AEYC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
November 12, 2015

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2015

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.575	Child Care and Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

SECTION 2 - FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS.

None

SECTION 3 - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS AS DEFINED IN OMB CIRCULAR A-133 SECTION 510(a).

None

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2015

There were no audit findings or questioned costs in the prior year.