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May 7, 2008

Board of Directors
Indiana Association for the
Education of Young Children, Inc.
4755 Kingsway Dr., Ste. 107
Indianapolis, IN 46205

We have reviewed the audit report prepared by Crowe Chizek and Company, LLC, Independent Public Accountants, for the period July 1, 2006 to June 30, 2007. 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 the Indiana Association for the Education of Young Children, Inc., as of June 30, 2007, 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.

We call your attention to the findings in the report. The management letter contains two comments.

STATE BOARD OF ACCOUNTS

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

FINANCIAL STATEMENTS

June 30, 2007 and 2006

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
Indianapolis, Indiana

FINANCIAL STATEMENTS
June 30, 2007 and 2006

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Crowe Chizek and Company LLC
Member Horwath International

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statements of financial position of Indiana Association for the Education of Young Children (IAEYC) as of June 30, 2007 and 2006 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of IAEYC's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Association for the Education of Young Children as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 10, 2008, on our consideration of IAEYC's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of functional expenses and schedule of expenditures of federal awards, which is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Crowe Chizek and Company LLC

Crowe Chizek and Company LLC

Indianapolis, Indiana
January 10, 2008

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 435,348	\$ 349,285
Cash - Chapters	48,631	53,814
Grant reimbursement and other receivables	356,697	388,047
Furniture and equipment (net of accumulated depreciation of \$64,249 and \$55,185)	28,210	22,670
Other assets	<u>3,927</u>	<u>6,192</u>
	<u>\$ 872,813</u>	<u>\$ 820,008</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 230,720	\$ 254,435
Accrued payroll	25,652	22,244
Deferred membership dues	36,180	36,264
Deferred conference revenue	4,750	8,700
Other liabilities	<u>2,469</u>	<u>888</u>
Total liabilities	<u>299,771</u>	<u>322,531</u>
 NET ASSETS		
Unrestricted	563,042	487,477
Temporarily restricted (Note 6)	<u>10,000</u>	<u>10,000</u>
Total net assets	<u>573,042</u>	<u>497,477</u>
	<u>\$ 872,813</u>	<u>\$ 820,008</u>

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
STATEMENT OF ACTIVITIES
Year ended June 30, 2007

	Association	I.E.A.C.H. Project	Accreditation Project	Non-Formal CDA Project	Workforce Study	Youth Credentials	Online Mentoring	ITS	Unrestricted Total	Temporarily Restricted	Total
Revenues											
Membership dues	\$ 39,777	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,777	\$ -	\$ 39,777
Grants - federal	-	1,772,048	262,224	503,857	164,521	46,889	62,030	95,584	2,907,153	-	2,907,153
Contributions	7,430	-	-	-	-	-	-	-	7,430	-	7,430
Scholarship sponsors	-	223,298	-	-	-	-	-	-	223,298	-	223,298
Conference fees	293,548	-	-	-	-	-	-	-	293,548	-	293,548
Interest income	2,135	-	-	-	-	-	-	-	2,135	-	2,135
Other	23,608	-	-	7,214	-	-	-	-	30,822	-	30,822
Total revenues	366,498	1,995,346	262,224	511,071	164,521	46,889	62,030	95,584	3,504,163	-	3,504,163
Expenses											
Program services											
Grant funded projects	-	1,842,778	261,145	510,388	164,810	46,622	61,989	95,549	2,983,281	-	2,983,281
State Conference program	160,225	-	-	-	-	-	-	-	160,225	-	160,225
Member services	12,752	-	-	-	-	-	-	-	12,752	-	12,752
Other programs	7,381	-	-	-	-	-	-	-	7,381	-	7,381
Local chapters	35,922	-	-	-	-	-	-	-	35,922	-	35,922
Dues to affiliates	9,132	-	-	-	-	-	-	-	9,132	-	9,132
Total program services	225,412	1,842,778	261,145	510,388	164,810	46,622	61,989	95,549	3,208,693	-	3,208,693
Management and general	69,732	150,173	-	-	-	-	-	-	219,905	-	219,905
Total expenses	295,144	1,992,951	261,145	510,388	164,810	46,622	61,989	95,549	3,428,598	-	3,428,598
Change in net assets	71,354	2,395	1,079	683	(289)	267	41	35	75,565	-	75,565
Net assets at beginning of year	439,657	43,212	523	(755)	5,405	(402)	(41)	(122)	487,477	10,000	497,477
Net assets at end of year	\$ 511,011	\$ 45,607	\$ 1,602	\$ (72)	\$ 5,116	\$ (133)	\$ -	\$ (87)	\$ 563,042	\$ 10,000	\$ 573,042

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
STATEMENT OF ACTIVITIES
Year ended June 30, 2006

	Association	T.E.A.C.H.	Accreditation Project	Non-Formal CDA Project	Workforce Study	Youth Credentials	Online Mentoring	IIS	Unrestricted Total	Temporarily Restricted	Total
Revenues											
Membership dues	\$ 42,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,311	\$ -	\$ 42,311
Grants - federal	-	1,811,849	346,504	448,749	186,401	37,889	41,912	54,462	2,927,766	-	2,927,766
Contributions	7,494	-	-	-	-	-	-	-	7,494	-	7,494
Scholarship sponsors	-	226,392	-	-	-	-	-	-	226,392	-	226,392
Conference fees	282,516	-	-	-	-	-	-	-	282,516	-	282,516
Interest income	2,185	184	-	-	-	-	-	-	2,369	-	2,369
Other	19,290	-	-	8,219	-	-	-	-	27,509	-	27,509
Total revenues	353,796	2,038,425	346,504	456,968	186,401	37,889	41,912	54,462	3,516,357	-	3,516,357
Expenses											
Program services											
Grant funded projects	-	1,901,637	345,750	457,967	181,217	38,291	41,953	54,584	3,021,399	-	3,021,399
Slate Conference program	119,228	-	-	-	-	-	-	-	119,228	-	119,228
Member services	14,735	-	-	-	-	-	-	-	14,735	-	14,735
Other programs	4,324	-	-	-	-	-	-	-	4,324	-	4,324
Local chapters	49,539	-	-	-	-	-	-	-	49,539	-	49,539
Dues to affiliates	10,265	-	-	-	-	-	-	-	10,265	-	10,265
Total program services	198,091	1,901,637	345,750	457,967	181,217	38,291	41,953	54,584	3,219,490	-	3,219,490
Management and general	60,802	146,441	-	-	-	-	-	-	207,243	-	207,243
Total expenses	258,893	2,048,078	345,750	457,967	181,217	38,291	41,953	54,584	3,426,733	-	3,426,733
Change in net assets	94,903	(9,653)	754	(999)	5,184	(402)	(41)	(122)	89,624	-	89,624
Net assets at beginning of year	344,754	52,865	(231)	244	221	-	-	-	397,853	10,000	407,853
Net assets at end of year	\$ 439,657	\$ 43,212	\$ 523	\$ (755)	\$ 5,405	\$ (402)	\$ (41)	\$ (122)	\$ 487,477	\$ 10,000	\$ 497,477

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Change in net assets	\$ 75,565	\$ 89,624
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	9,064	8,934
Changes in assets and liabilities:		
Grant reimbursement and other receivables	31,350	51,381
Other assets	2,265	4,708
Accounts payable	(23,715)	(90,193)
Accrued payroll	3,408	3,595
Deferred revenue	(4,034)	11,396
Other liabilities	<u>1,581</u>	<u>(1,657)</u>
Net cash from operating activities	<u>95,484</u>	<u>77,788</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(14,604)</u>	<u>(6,598)</u>
Net cash used in investing activities	<u>(14,604)</u>	<u>(6,598)</u>
Net change in cash and cash equivalents	80,880	71,190
Cash and cash equivalents at beginning of year	<u>403,099</u>	<u>331,909</u>
Cash and cash equivalents at end of year	<u>\$ 483,979</u>	<u>\$ 403,099</u>

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

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

Organization and Programs: Indiana Association for the Education of Young Children (IAEYC) 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. IAEYC also administers the T.E.A.C.H. Early Childhood® INDIANA program, which links training, compensation, and commitment to improving the quality of early childhood by providing scholarships for child care professionals to earn an Associate or Bachelor degree in Early Childhood Education or a Child Development Associate (CDA) credential.

IAEYC expanded its programs during fiscal year 2003 with the start of the Indiana Non-Formal CDA Project and Indiana Accreditation Project. The Indiana Non-Formal CDA Project is designed to assist Indiana early care and education providers in meeting the education requirements for the CDA credential. The Indiana Accreditation Project improves the quality of care and education for young children in Indiana by providing financial support for self-study fees and validation phases of accreditation, in addition to providing technical assistance to programs during the accreditation process. Child care facilities, family child care homes and school-age programs can participate in the Indiana Accreditation Project.

In fiscal year 2004, IAEYC added an additional program, the Child Care Workforce Study. The Child Care Workforce Study was setup by the State of Indiana in an effort to gather facts about the child care workforce. IAEYC sends out surveys to hundreds of child care centers and providers, collects the results and submits them for statistical analysis.

In fiscal year 2006, IAEYC added three additional programs, the Youth Credential Program, the Online Mentoring Program, and the Infant Toddler Specialist Initiative (ITSI) Program. Indiana Family and Social Services Administration (FSSA) grant funds, less any administrative costs incurred by IAEYC, are passed on to the respective subrecipient who operates and manages the programs. The Youth Credential Program is designed to increase the skills and knowledge of school-age child care providers by helping them obtain their credential. The Online Mentoring Program provides online mentors to individuals completing their Child Care Learning Development Associate Credential. The ITSI Program is designed to increase the quantity and quality of birth to age three professional development activities in Indiana by planning, coordinating, and providing high quality research based professional development resources and activities for infant-toddler specialists.

Funding to IAEYC for the Child Care Workforce Study, Online Mentoring Program, and the ITSI Program ended on September 30, 2007.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

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

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 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: IAEYC 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.

Cash and Cash Equivalents: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to \$100,000 per financial institution. IAEYC considers all highly liquid debt instruments, if any, purchased with an original maturity of three months or less to be cash equivalents.

Grants Reimbursement and Other Receivables: IAEYC'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 IAEYC's historical losses, specific circumstances and general economic conditions. At June 30, 2007 and 2006, management estimated that no allowance was needed.

Inventory: Inventory consists of publications and merchandise and is stated at the lower of cost or market. Cost is determined on the first-in, first-out (FIFO) method.

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. IAEYC 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 IAEYC 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.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

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

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.

Net Asset Classifications: The financial statements have been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 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, if applicable. The unrestricted net assets may be used at the discretion of management to support IAEYC's purposes and operations.

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

Permanently Restricted Net Assets - The permanently restricted net asset class includes assets of IAEYC 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, 2007 and 2006, IAEYC does not have any permanently restricted net assets.

Support and Revenues: IAEYC 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, IAEYC reports the support as unrestricted.

Concentrations: For the each of the years ended June 30, 2007 and 2006, revenue from federal funding sources represented approximately 83% of IAEYC's total revenue.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

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

Government Grants: Support funded by grants is recognized as IAEYC 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: IAEYC 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, IAEYC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service, as instructed by the donor. IAEYC reclassifies temporarily restricted net assets to unrestricted net assets at that time.

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. IAEYC 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.

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

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2007 and 2006

NOTE 2 - LEASES

IAEYC leases its facilities under an operating lease arrangement which expires December 31, 2011. IAEYC also leases a copier which is used in the office. The copier lease expires September 30, 2008. Rental expense for these leases included in the statements of activities for the year ended June 30, 2007 and 2006 was \$48,032 and \$40,554.

IAEYC's minimum annual rental payments required under operating leases with remaining terms at June 30, 2007, are as follows:

2008	\$ 65,280
2009	65,052
2010	66,204
2011	<u>67,344</u>
	<u>\$ 263,880</u>

NOTE 3 - GRANT COMMITMENTS

IAEYC 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, 2007 have been recorded as receivables. Following are the federal pass-through grant commitments available that extend beyond June 30, 2007:

<u>Grant</u>	<u>Term</u>	<u>Grant Amount</u>	<u>Earned as of June 30 2007</u>	<u>Funding Available</u>
T.E.A.C.H. Early Childhood Indiana program	10/1/06 - 9/30/07	\$2,410,724	\$1,235,411	\$1,175,313
Indiana Accreditation Project	10/1/06 - 9/30/07	329,622	184,299	145,323
Indiana Non-Formal CDA Project	10/1/06 - 9/30/07	625,556	397,235	228,321
Workforce Study Program	10/1/06 - 9/30/07	164,012	107,539	56,473
Youth Credential Program	10/1/06 - 9/30/07	73,500	32,529	40,971
Online Mentoring Program	10/1/06 - 9/30/07	73,509	44,326	29,183
Infant Toddler Specialist Initiative Program	10/1/06 - 9/30/07	<u>115,500</u>	<u>47,914</u>	<u>67,586</u>
		<u>\$3,792,423</u>	<u>\$2,049,253</u>	<u>\$1,743,170</u>

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 4 - ACTIVITIES WITH RELATED PARTIES

IAEYC is affiliated with the National Association for the Education of Young Children (NAEYC), the Midwest AEYC and 16 local chapters. NAEYC collects membership dues and remits the state and local portion to IAEYC.

As part of its Non-formal CDA and Online Mentoring programs, IAEYC occasionally considers sub-recipient grant requests from child care providers, some of whom employ members of IAEYC's Board of Directors. These applications are evaluated by a group that is independent of the Board, and are subject to the same criteria as all other applicants. During the years ended June 30, 2007 and 2006, grants totaling \$182,692 and \$132,647 were made to three organizations that employed Board members.

NOTE 5 - EMPLOYEE BENEFITS

IAEYC 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. IAEYC's contribution consists of a discretionary contribution of up to four percent of eligible employee compensation. IAEYC's contribution to the plan was \$24,121 and \$18,269 for 2007 and 2006, respectively.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2007</u>	<u>2006</u>
Program development and implementation	\$ <u>10,000</u>	\$ <u>10,000</u>
Total temporarily restricted net assets	\$ <u>10,000</u>	\$ <u>10,000</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

SUPPLEMENTAL INFORMATION

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
SCHEDULE OF FUNCTIONAL EXPENSES
Year ended June 30, 2007

	Association											Total Expenses				
	Program Services	Management and General	Total	Accreditation Project	Non-Formal CDA Project	Workforce Study	Youth Credential	Online Mentoring	IFSI	State Conference	Member Services		Other Programs	Local Chapters	Dues to Affiliates	Management and General
Salaries and wages	\$ 287,204	\$ 93,435	\$ 380,639	\$ 101,699	\$ 85,485	\$ 86,642	\$ 2,255	\$ 1,649	\$ 2,786	\$ 25,381	\$ 4,267	\$ 5,315	\$ -	\$ -	\$ 14,024	\$ 710,142
Employee benefits	84,470	18,737	103,207	25,483	8,365	22,630	636	433	844	7,825	744	906	-	-	2,710	173,783
Total salaries and employee benefits	371,674	112,172	483,846	127,182	93,850	109,272	2,891	2,082	3,630	33,206	5,011	6,221	-	-	16,734	883,925
Programs and activities	-	-	-	109,277	392,497	7,682	42,740	59,322	91,152	95,302	-	-	29,370	-	27,012	824,342
Committee and district development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,012
T.E.A.C.H. scholarships	1,410,086	-	1,410,086	-	-	-	-	-	-	-	-	-	-	9,132	-	1,410,086
Dues paid to affiliates	6,057	2,386	8,443	2,614	2,744	1,802	32	8	9	1,806	98	17	65	-	597	18,735
Supplies and expendables	5,691	6,028	11,719	6,242	2,246	3,057	-	34	185	4,534	33	543	-	-	5,565	34,158
Travel and training	-	983	983	160	1,002	5,086	-	-	-	-	-	-	-	-	85	7,316
Dissemination/promotion	3,435	810	4,245	864	711	882	8	8	7	327	67	11	-	-	2,027	9,157
Insurance	1,880	2,430	4,310	2,148	8,403	1,008	761	455	482	6,040	10	10	283	-	5,872	29,782
Professional services and fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,037	1,037
Cost of goods sold	2,320	2,275	4,595	2,191	1,156	15,880	-	-	-	967	2,974	1	2,766	-	443	30,973
Printing and publications	7,309	973	8,282	780	141	7,282	2	1	1	4,179	615	1	1,618	-	1,068	23,970
Postage	20,042	6,699	26,741	5,912	4,624	6,615	119	57	62	2,290	534	488	-	-	595	48,037
Rent	85	11,099	11,184	443	364	604	23	4	5	708	3,200	-	1,820	-	5,309	23,664
Other expenses	5,861	1,165	7,026	1,167	813	977	19	13	10	564	134	65	-	-	264	11,052
Telephone	4,280	2,653	6,933	1,273	961	2,660	27	5	6	13,302	76	24	-	-	1,889	27,156
Technology support	4,058	-	4,058	892	876	2,003	-	-	-	-	-	-	-	-	1,235	9,064
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 1,842,728	\$ 150,173	\$ 1,992,901	\$ 261,145	\$ 519,388	\$ 1,648,810	\$ 46,622	\$ 61,989	\$ 95,549	\$ 160,225	\$ 12,732	\$ 7,381	\$ 35,922	\$ 9,132	\$ 69,732	\$ 3,428,538

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
SCHEDULE OF FUNCTIONAL EXPENSES
Year ended June 30, 2006

	T.E.A.C.H. Early Childhood@INDIANA Association															
	Program Services	Management and General	Total	Accreditation Project	Non-Formal CDA Project	Workforce Study	Youth Credential	Online Mentoring	ITS	State Conference	Member Services	Other Programs	Local Chapters	Dues to Affiliates	Management and General	Total Expenses
Salaries and wages	\$ 273,821	\$ 94,184	\$ 368,005	\$ 101,326	\$ 77,277	\$ 97,115	\$ 3,168	\$ 2,315	\$ 2,529	\$ 19,378	\$ 3,015	\$ 2,801	\$ -	\$ -	\$ 12,155	\$ 689,084
Employee benefits	77,061	19,136	96,197	24,667	8,404	21,422	718	600	622	3,853	625	603	-	-	2,502	160,153
Total salaries and employee benefits	350,882	113,320	464,142	125,993	85,681	118,537	3,886	2,915	3,151	23,231	3,640	3,404	-	-	14,657	849,237
Programs and activities	-	-	-	-	354,895	19,594	33,807	38,443	50,854	56,642	-	500	40,145	-	-	769,427
Committee and district development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,371	25,371
T.E.A.C.H. scholarships	1,497,356	-	1,497,356	-	-	-	-	-	-	-	-	-	-	-	1,497,356	1,497,356
Dues paid to affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	10,265	-	10,265
Supplies and expendables	5,783	2,071	7,854	3,078	1,421	1,140	9	8	4	2,187	163	9	178	-	1,085	17,136
Travel and training	3,685	4,945	8,630	10,095	2,906	2,385	-	-	-	4,643	259	67	-	-	2,340	31,325
Dissemination/promotion	1,692	1,692	3,384	389	1,269	13,402	-	-	-	-	564	-	540	-	161	15,017
Insurance	3,037	700	3,737	537	414	431	-	-	-	507	23	-	-	-	1,904	7,553
Professional services and fees	1,823	11,925	13,748	2,182	4,779	811	551	551	550	4,473	30	9	739	-	4,988	33,661
Cost of goods sold	-	2,248	5,033	2,547	1,360	13,536	-	-	-	10,320	1,772	-	1,898	-	458	36,924
Printing and publications	7,353	595	7,948	804	155	2,363	1	2	1	3,889	1,003	-	1,579	-	348	18,093
Postage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment (noncapitalized)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	16,248	5,877	22,125	3,870	3,252	5,831	25	22	17	3,832	630	307	-	-	643	40,554
Other expenses	85	869	954	158	162	240	-	-	-	-	6,495	-	4,460	-	3,512	15,981
Telephone	6,263	1,050	7,313	1,032	735	1,348	10	11	6	1,196	141	12	-	-	1,475	13,279
Technology support	1,790	1,049	2,839	19,883	308	441	2	1	1	8,108	15	16	-	-	1,297	32,906
Depreciation	4,707	-	4,707	633	633	1,158	-	-	-	-	-	-	-	-	1,799	8,954
Totals	\$ 1,801,637	\$ 146,441	\$ 2,048,078	\$ 345,750	\$ 457,967	\$ 181,217	\$ 38,291	\$ 41,853	\$ 54,584	\$ 119,228	\$ 14,735	\$ 4,324	\$ 49,559	\$ 10,265	\$ 60,802	\$ 3,426,733

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2007

<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 Fund for T.E.A.C.H Early Childhood® INDIANA	93.596	49-04-87-1427	\$ 1,771,470	\$ -
Child Care and Development Fund for the Indiana Non-Formal CDA Project	93.596	49-04-87-1427	503,857	385,282
Child Care and Development Fund for the Indiana Accreditation Project	93.596	49-04-87-1427	262,224	-
Child Care and Development Fund for the Workforce Study Program	93.596	49-04-87-1427	164,521	-
Child Care and Development Fund for the Infant Toddler Specialist Initiative Program	93.596	49-04-87-1427	95,584	91,152
Child Care and Development Fund for the Online Mentoring Program	93.596	49-04-87-1427	62,030	59,323
Child Care and Development Fund for the Indiana Youth Credential Program	93.596	49-04-87-1427	<u>46,889</u>	<u>42,740</u>
			2,906,575	578,497
Pass-through program from: Indiana Family and Social Services Administration, Indiana Head Start Partnership Project grant.				
Head Start	93.600	49-06-91-1427	<u>578</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 2,907,153</u>	<u>\$ 578,497</u>

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2007

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.



Crowe Chizek and Company LLC
Member Horwath International

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 the financial statements of Indiana Association for the Education of Young Children (IAEYC) as of and for the year ended June 30, 2007, and have issued our report thereon dated January 10, 2008. We conducted our audit 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.

Internal Control Over Financial Reporting: In planning and performing our audit, we considered IAEYC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IAEYC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the IAEYC's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted certain immaterial matters, which we have reported to management in a separate letter dated January 10, 2008.

Compliance and Other Matters: As part of obtaining reasonable assurance about whether IAEYC'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*.

This report is intended solely for the information and use of the Board of Directors, Finance Committee, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Chizek and Company LLC

Crowe Chizek and Company LLC

Indianapolis, Indiana
January 10, 2008



Crowe Chizek and Company LLC
Member Horwath International

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance: We have audited the compliance of Indiana Association for the Education of Young Children (IAEYC) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. IAEYC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of IAEYC's management. Our responsibility is to express an opinion on IAEYC's compliance based on our audit.

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 IAEYC'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. Our audit does not provide a legal determination on IAEYC's compliance with those requirements.

In our opinion IAEYC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance: The management of IAEYC is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered IAEYC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. Accordingly, we do not express an opinion on the effectiveness of IAEYC's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, Finance Committee, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Chizek and Company LLC
Crowe Chizek and Company LLC

Indianapolis, Indiana
January 10, 2008

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2007

1. Summary of Auditor's Results:

- a. An unqualified opinion was issued on the financial statements of Indiana Association for the Education of Young Children for the year ended June 30, 2007.
- b. The audit did not disclose any noncompliance which is material to the financial statements.
- c. An unqualified opinion was issued to Indiana Association for the Education of Young Children on their compliance for major programs.
- d. There were no findings required to be disclosed under OMB Circular A-133 Section 510(a).
- e. Major programs identified:
 - Child Care and Development Fund (93.596)
- f. Type A programs are defined as Federal programs with Federal Awards expended during the audit period exceeding \$300,000.
- g. Indiana Association for the Education of Young Children qualified as a low-risk auditee for the year ended June 30, 2007.

2. Finding related to the financial statements which are required to be reported in accordance with GAGAS:

None

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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2007

None



Crowe Chizek and Company LLC
Member Horwath International

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

In planning and performing our audit of the financial statements of the Indiana Association for the Education of Young Children (Association) for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain matters that we wish to communicate to you. As applicable, matters communicated in this letter are classified as follows.

- **Material Weakness** - A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.
- **Significant Deficiency** - A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.
- **Deficiency** - A control deficiency 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 misstatements on a timely basis.
- **Best Practice** - A matter which you may find of interest.

Documentation of Review of Journal Entries	Deficiency
Observation:	During our testing of the general journal entry process, we noted that the Association does not have a written policy that requires journal entries to be approved in writing by someone other than the person making the entry. Management represented that all journal entries are informally reviewed, and evidence of other mitigating controls was present. The mitigating controls included the Executive Director's review of supporting documentation for journal entries posted by the Controller, independent review of all expenses recorded to grant-funded cost centers, and numerical filing of journal entries by the Accounting Assistant.
Business Risk:	Without a consistent process for documenting the approval of general journal entries, erroneous or improper journal entries may not be prevented or detected in a timely manner.
Recommendation:	<p>We recommend that the Association create a written policy for the review of journal entries. The policy should state that journal entries prepared by the Accounting Assistant will be reviewed by the Controller, and journal entries created by the Controller will be reviewed by the Executive Director. All reviews should be documented in writing.</p> <p>In addition, both the Accounting Assistant and Controller should review the files of monthly journal entries to verify that there are no breaks in sequence or unapproved entries. These steps will help ensure that general journal entries are being properly reviewed and accounted for in the system.</p>

User Access to Accounting System	Deficiency
Observation:	<p>As part of our audit procedures, we gained an understanding of the Association's information technology controls. We noted that management does not currently have a formal process for periodic comparison of approved users and access levels to actual user activity in the system. However, the Executive Director indicated that she informally performs this level of review on a periodic basis.</p> <p>Also, due to the small staff size, the Controller has administrative rights on the accounting system, which gives her access to change the passwords of other users. Currently, employees are not required to change their passwords on a regular basis.</p>
Business Risk:	Unauthorized employees could gain access to sensitive data or could allow a user to log in as another user to perform fraudulent transactions or journal entries.
Recommendation:	We recommend that the Executive Director periodically review the listing of user access and compare to the application/system user access list to verify that no unauthorized users were created, and that existing users have only access rights appropriate for their respective job description. Also, we recommend that all users change their own passwords frequently to ensure that passwords are not misused.

Emerging Issue - New Audit Standards Related to Audit Risk

The American Institute of Certified Public Accountants has issued eight new Statements on Auditing Standards (Nos. 104 - 111) relating to the assessment of risk in a financial statement audit. These standards provide guidance concerning the auditor's assessment of the risk of material misstatement in a financial statement audit (whether related to error or fraud), and the design and performance of audit procedures whose nature, timing, and extent are responsive to the assessed risks. Additionally, the standards establish and provide guidance on planning and supervision, the nature of audit evidence and evaluating whether the audit evidence obtained affords a reasonable basis for an opinion regarding the fair presentation of the financial statements. The Auditing Standards Board believes that the requirements and guidance in these new standards will result in a substantial change in audit practice and in more effective audits. The primary objective of the new standards is to enhance auditor's application of the audit risk model in practice.

Emerging Issue - Form 990 Tax Return Revisions

The Internal Revenue Service (IRS) is in the process of revising Form 990 *Return for Organization Exempt from Income Tax* for the 2008 tax year. The Form 990 is used by the IRS as the primary tax compliance tool for organizations that are tax-exempt. On June 14, 2007, a discussion draft of the redesigned Form 990 was released to the public for comments. The revision by the IRS includes expanding the current Form 990 into 15 separate schedules requiring greater detail in specific areas. Each organization will need to determine which of the 15 schedules are applicable to their organization based on their entity type and the activities conducted. The revisions are guided by three main principles; enhancing transparency, promoting tax compliance, and minimizing the burden on the filing organization.

* * * * *

This communication is intended solely for the information and use of management, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Throughout the engagement, your personnel were courteous and cooperative. We sincerely appreciate the opportunity to be of service to you, and we would be pleased to discuss our comments with you, and to help in the implementation of our recommendations.

Crowe Chizek and Company LLC
Crowe Chizek and Company LLC

Indianapolis, Indiana
January 10, 2008



Crowe Chizek and Company LLC
Member Horwath International

Finance Committee
Indiana Association for the Education of Young Children
Indianapolis, Indiana

To assist the Finance Committee in overseeing the financial reporting and disclosure process for which management is responsible, we are submitting this letter to the Finance Committee. The matters communicated include selected responsibilities of each of the parties and the audit process.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

The Finance Committee should understand that an audit conducted in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, but not absolute, assurance about whether the financial statements are free from material misstatement. Similarly, under these same standards, the auditor obtains a sufficient understanding of internal control to plan the audit, but this understanding and the tests of selected internal controls that are performed are not sufficient for the auditor to express an opinion on the effective operation of internal control.

MANAGEMENT'S JUDGMENTS AND ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The process used by management in formulating particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates primarily involved the following areas for this year:

Area / Accounting Policy	Judgments and Estimates
Allowance For Receivables	The allowance for accounts and grants receivable was determined by management by a process involving consideration of historical experience, current receivables aging information, and management's communication with the grantors and donors. Management determined that an allowance for uncollectible receivables was not necessary at June 30, 2007. We tested this estimate by reviewing, on a test basis, the information listed above and by performing certain other analytical procedures.
Cost Allocation	On the Statement of Activities, management makes estimates for cost allocation of indirect expenses between program services, fundraising, and management and general expenses. We analyzed this accounting estimate by inquiry of management regarding the nature of activities conducted that benefit more than one program or function and then examined calculations and journal entries used to allocate expenses that consistently reflects the benefit received by each function.

INITIAL SELECTION OF AND CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Finance Committee should be informed of the initial selection of and changes in significant accounting policies or their application. Also, the Finance Committee should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform the Finance Committee about such matters. To assist the Finance Committee in its oversight role, we direct your attention to Note 1 of the financial statements where significant accounting policies are disclosed.

There were no such accounting changes or significant policies requiring communication.

CORRECTED AND UNCORRECTED AUDIT ADJUSTMENTS

Corrected Audit Adjustments: We are responsible for informing the Finance Committee about adjustments to the financial statements arising from our audit that could, in our judgment, have a significant effect on your financial reporting process, including the potential that future financial statements could be materially misstated.

There were no such adjustments.

Uncorrected Audit Adjustments: We are also responsible for informing the Finance Committee about uncorrected financial statement misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

There were no such adjustments.

OTHER COMMUNICATIONS

Communication Item	Results
<p>Other Information In Documents Containing Audited Financial Statements The Finance Committee often considers information prepared by management that accompanies the financial statements. To assist your consideration of this information, you should know that we are required by the auditing standards to read such information and consider whether such information, or the manner of its presentation, is materially inconsistent with information in the financial statements. If we consider the information materially inconsistent based on this reading, we are to seek a resolution of the matter.</p>	<p>We understand that management has not prepared such information to accompany the financial statements.</p>
<p>Disagreements With Management We are required to discuss with the Finance Committee any disagreements with management over the application of accounting principles or the basis for management's judgment about accounting estimates.</p>	<p>During our audit, there were no such disagreements with management.</p>
<p>Consultations With Other Accountants If management consulted with other accountants about auditing and accounting matters, we are to inform the Finance Committee of such consultation, if we are aware of it, and provide our views on the matters discussed.</p>	<p>We are not aware of any instances where management consulted with other accountants about matters which might affect your financial statements since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.</p>
<p>Major Issues Discussed With Management Prior To Our Retention We are to discuss with the Finance Committee any major issues discussed with management in connection with our retention as auditors, including the application of accounting principles or auditing standards.</p>	<p>There were no such issues discussed with management in connection with our retention as auditors.</p>

Communication Item	Results
<p>Difficulties Encountered In Performing The Audit We are to inform the Finance Committee of any serious difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no difficulties encountered in dealing with management related to the performance of the audit.</p>

We were pleased to serve the Indiana Association for the Education of Young Children as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities, and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Finance Committee, Board of Directors, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Chizek and Company LLC
 Crowe Chizek and Company LLC

Indianapolis, Indiana
 January 10, 2008