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December 31, 2009

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

We have reviewed the audit report prepared by Crowe Horwath, LLP, Independent Public Accountants, for the period July 1, 2007 to June 30, 2008. 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, as of June 30, 2008, 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.

STATE BOARD OF ACCOUNTS

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

FINANCIAL STATEMENTS

June 30, 2008 and 2007

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
Indianapolis, Indiana

FINANCIAL STATEMENTS
June 30, 2008 and 2007

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Crowe Horwath LLP
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, 2008 and 2007 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, 2008 and 2007, 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 December 3, 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 Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
December 3, 2008

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
STATEMENTS OF FINANCIAL POSITION
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash	\$ 476,917	\$ 435,348
Cash - Chapters	55,333	48,631
Grant reimbursement and other receivables	409,503	356,697
Furniture and equipment (net of accumulated depreciation of \$74,016 and \$64,249)	25,468	28,210
Other assets	<u>3,732</u>	<u>3,927</u>
	<u>\$ 970,953</u>	<u>\$ 872,813</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 245,879	\$ 230,720
Accrued payroll	26,286	25,652
Deferred membership dues	42,772	36,180
Deferred conference revenue	5,800	4,750
Other liabilities	<u>-</u>	<u>2,469</u>
Total liabilities	<u>320,737</u>	<u>299,771</u>
NET ASSETS		
Unrestricted	640,216	563,042
Temporarily restricted (Note 6)	<u>10,000</u>	<u>10,000</u>
Total net assets	<u>650,216</u>	<u>573,042</u>
	<u>\$ 970,953</u>	<u>\$ 872,813</u>

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
STATEMENT OF ACTIVITIES
Year ended June 30, 2008

	Association	L.E.A.C.H.	Accreditation Project	Non-Formal CDA Project	Workforce Study	Youth Credential	Online Mentoring	ITSI	Unrestricted Total	Temporarily Restricted	Total
Revenues											
Membership dues	\$ 51,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,665	\$ -	\$ 51,665
Grants - federal	-	1,816,313	448,871	526,097	55,227	9,540	14,931	84,578	2,955,557	-	2,955,557
Contributions	9,040	-	-	-	-	-	-	-	9,040	-	9,040
Scholarship sponsors	-	222,155	-	-	-	-	-	-	222,155	-	222,155
Conference fees	281,567	-	-	-	-	-	-	-	281,567	-	281,567
Interest income	1,213	-	-	-	-	-	-	-	1,213	-	1,213
Other	22,866	-	-	4,800	-	-	-	-	27,666	-	27,666
Total revenues	366,351	2,038,468	448,871	530,897	55,227	9,540	14,931	84,578	3,548,865	-	3,548,865
Expenses											
Program services											
Grant funded projects	-	1,845,224	449,992	532,698	55,227	9,540	14,931	85,098	2,992,710	-	2,992,710
State Conference program	150,417	-	-	-	-	-	-	-	150,417	-	150,417
Member services	13,113	-	-	-	-	-	-	-	13,113	-	13,113
Other programs	5,773	-	-	-	-	-	-	-	5,773	-	5,773
Local chapters	36,128	-	-	-	-	-	-	-	36,128	-	36,128
Dues to affiliates	9,756	-	-	-	-	-	-	-	9,756	-	9,756
Total program services	215,187	1,845,224	449,992	532,698	55,227	9,540	14,931	85,098	3,207,897	-	3,207,897
Management and general	68,460	195,332	-	-	-	-	-	-	263,792	-	263,792
Total expenses	283,647	2,040,556	449,992	532,698	55,227	9,540	14,931	85,098	3,471,689	-	3,471,689
Change in net assets	82,704	(2,088)	(1,121)	(1,801)	-	-	-	(520)	77,174	-	77,174
Net assets at beginning of year	511,011	45,607	1,602	(72)	5,116	(135)	-	(87)	563,042	10,000	573,042
Net assets at end of year	\$ 593,715	\$ 43,519	\$ 481	\$ (1,873)	\$ 5,116	\$ (135)	\$ -	\$ (607)	\$ 640,216	\$ 10,000	\$ 650,216

See accompanying notes to financial statements.

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

	Association	T.E.A.C.H. Project	Accreditation Project	Non-Formal CDA Project	Workforce Study	Youth Credential	Online Mentoring	ITSI	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											
State Conference program	160,225	-	261,145	510,388	164,810	46,622	61,989	95,549	2,983,281	-	2,983,281
Member services	12,752	-	-	-	-	-	-	-	160,225	-	160,225
Other programs	7,381	-	-	-	-	-	-	-	12,752	-	12,752
Local chapters	35,922	-	-	-	-	-	-	-	7,381	-	7,381
Dues to affiliates	9,132	-	-	-	-	-	-	-	35,922	-	35,922
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	\$ (135)	\$ -	\$ (87)	\$ 563,042	\$ 10,000	\$ 573,042

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Change in net assets	\$ 77,174	\$ 75,565
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	9,766	9,064
Changes in assets and liabilities:		
Grant reimbursement and other receivables	(52,806)	31,350
Other assets	195	2,265
Accounts payable	15,159	(23,715)
Accrued payroll	634	3,408
Deferred revenue	7,642	(4,034)
Other liabilities	<u>(2,469)</u>	<u>1,581</u>
Net cash from operating activities	<u>55,295</u>	<u>95,484</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(7,024)</u>	<u>(14,604)</u>
Net cash used in investing activities	<u>(7,024)</u>	<u>(14,604)</u>
Net change in cash and cash equivalents	48,271	80,880
Cash and cash equivalents at beginning of year	<u>483,979</u>	<u>403,099</u>
Cash and cash equivalents at end of year	<u>\$ 532,250</u>	<u>\$ 483,979</u>

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

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. During the years ended June 30, 2008 and 2007, IAEYC provided the following program services:

- T.E.A.C.H. - The T.E.A.C.H. Early Childhood® INDIANA program 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.
- Accreditation Project - 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 program.
- Non-Formal CDA 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.
- 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.
- Youth Credential - The Youth Credential Program is designed to increase the skills and knowledge of school-age child care providers by helping them obtain their credential.
- Online Mentoring - The Online Mentoring Program provides online mentors to individuals completing their Child Care Learning Development Associate Credential.
- ITSI - The ITSI (Infant Toddler Specialists of Indiana) 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.

Services for the Workforce Study and Youth Credential programs ended on September 30, 2007, while the Online Mentoring Program was rolled up as a component of TEACH.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

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

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.

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, 2008 and 2007, 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. 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, 2008 and 2007

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

Inventory: Inventory is included as part of other assets and 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.

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, 2008 and 2007, 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.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

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

Concentrations: For the each of the years ended June 30, 2008 and 2007, revenue from federal funding sources represented approximately 83% of IAEYC's total revenue.

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.

Reclassifications: Certain reclassifications have been made to present last year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no net effect on the change in net assets.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008 and 2007

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 May 28, 2013. Rental expense for these leases included in the statements of activities for the year ended June 30, 2008 and 2007 was \$63,149 and \$48,032.

IAEYC's minimum annual rental payments required under operating leases with remaining terms at June 30, 2008, are as follows:

2009	\$ 67,849
2010	68,995
2011	70,141
2012	37,039
2013	<u>3,087</u>
	<u>\$ 247,111</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, 2008 have been recorded as receivables. The following are the federal pass-through grant commitments available that extend beyond June 30, 2008:

<u>Grant</u>	<u>Term</u>	<u>Grant Amount</u>	Earned as of <u>June 30 2008</u>	<u>Funding Available</u>
T.E.A.C.H. Early Childhood Indiana program	10/1/07 - 9/30/08	\$2,337,321	\$1,185,597	\$1,151,724
Indiana Accreditation Project	10/1/07 - 9/30/08	799,062	328,991	470,071
Indiana Non-Formal CDA Project	10/1/07 - 9/30/08	614,292	416,238	198,054
Infant Toddler Specialist Initiative Program	10/1/07 - 9/30/08	<u>97,500</u>	<u>42,070</u>	<u>55,430</u>
		<u>\$3,848,175</u>	<u>\$1,972,896</u>	<u>\$1,875,279</u>

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

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, 2008 and 2007, grants totaling \$110,273 and \$182,692 were made to two organizations in 2008 and three organizations in 2007 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 \$24,450 and \$24,121 for 2008 and 2007, respectively.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</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>

SUPPLEMENTAL INFORMATION

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
SCHEDULE OF FUNCTIONAL EXPENSES
Year ended June 30, 2008

	T.E.A.C.H. Early Childhood® INDIANA							----- Association -----							Total Expenses	
	Program Services	Management and General	Total	Accreditation Project	Non-Formal CDA Project	Workforce Study	Youth Credential	Online Mentoring	ITSI	State Conference	Member Services	Other Programs	Local Chapters	Dues to Affiliates		Management and General
Salaries and wages	\$ 280,849	\$ 121,992	\$ 402,841	\$ 197,554	\$ 96,493	\$ 28,778	\$ 414	\$ 757	\$ 19,688	\$ 25,891	\$ 2,756	\$ 3,742	\$ -	\$ -	\$ 13,714	\$ 792,628
Employee benefits	81,141	22,908	104,049	49,267	24,363	7,309	94	162	4,094	8,295	750	851	-	-	3,088	202,322
Total salaries and employee benefits	361,990	144,900	506,890	246,821	120,856	36,087	508	919	23,782	34,186	3,506	4,593	-	-	16,802	994,950
Programs and activities	-	-	-	137,397	385,777	11,498	8,848	13,810	51,938	89,178	-	-	27,209	-	-	725,655
Committee and district development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,917	32,917
T.E.A.C.H. scholarships	1,423,264	-	1,423,264	-	-	-	-	-	-	-	-	-	-	-	-	1,423,264
Dues paid to affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	9,756	490	10,246
Supplies and expendables	6,179	2,611	8,790	4,611	1,830	37	3	1	324	1,788	112	36	83	-	1,225	18,840
Travel and training	1,958	11,854	13,812	22,251	4,339	1,600	-	60	2,350	4,062	112	589	-	-	4,124	53,299
Dissemination/promotion	-	280	280	724	2,380	-	-	-	152	-	-	-	1,950	-	-	5,486
Insurance	1,981	710	2,691	1,455	472	-	-	-	236	209	56	13	-	-	1,895	7,027
Professional services and fees	-	12,249	12,249	2,682	4,192	750	125	125	4,099	7,160	19	20	563	-	1,864	33,848
Cost of goods sold	-	-	-	-	-	-	-	-	-	-	-	-	-	-	186	186
Printing and publications	1,734	7,112	8,846	3,336	1,642	1,754	-	-	55	1,180	167	-	1,781	-	916	19,677
Postage	6,602	1,546	8,148	1,038	386	626	-	-	214	4,609	485	1	1,008	-	631	17,146
Rent	24,580	8,817	33,397	15,092	7,069	2,282	45	13	1,508	2,267	419	450	-	-	607	63,149
Other expenses	1,646	1,580	3,226	805	338	105	7	-	70	890	8,105	-	3,534	-	3,240	20,320
Telephone	8,583	2,236	10,819	4,676	1,595	439	3	3	166	341	83	29	-	-	994	19,148
Technology support	2,843	1,437	4,280	5,301	689	49	1	-	204	4,457	49	42	-	-	1,603	16,765
Depreciation	3,864	-	3,864	3,803	1,133	-	-	-	-	-	-	-	-	-	966	9,766
Totals	\$ 1,845,224	\$ 195,332	\$ 2,040,556	\$ 449,992	\$ 532,698	\$ 55,227	\$ 9,540	\$ 14,931	\$ 85,098	\$ 150,417	\$ 13,113	\$ 5,773	\$ 36,128	\$ 9,756	\$ 68,460	\$ 3,471,689

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

	T.E.A.C.H. Early Childhood® INDIANA			----- Association -----											Total Expenses	
	Program Services	Management and General	Total	Accreditation Project	Non-Formal CDA Project	Workforce Study	Youth Credential	Online Mentoring	ITSI	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	\$ 74,113	\$ 86,642	\$ 2,255	\$ 1,649	\$ 2,786	\$ 25,381	\$ 4,267	\$ 5,315	\$ -	\$ -	\$ 14,024	\$ 698,770
Employee benefits	84,470	18,737	103,207	25,483	19,737	22,630	636	433	844	7,825	744	906	-	-	2,710	185,155
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	93,302	-	-	29,370	-	-	824,342
Committee and district development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,012	27,012
T.E.A.C.H. scholarships	1,410,086	-	1,410,086	-	-	-	-	-	-	-	-	-	-	-	-	1,410,086
Dues paid to affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	9,132	-	9,132
Supplies and expendables	6,057	2,886	8,943	2,614	2,744	1,802	32	8	9	1,806	98	17	65	-	597	18,735
Travel and training	5,691	6,028	11,719	6,242	2,246	3,057	-	34	185	4,534	33	543	-	-	5,565	34,158
Dissemination/promotion	-	983	983	160	1,002	5,086	-	-	-	-	-	-	-	-	85	7,316
Insurance	3,435	810	4,245	864	711	882	8	8	7	327	67	11	-	-	2,027	9,157
Professional services and fees	1,880	2,430	4,310	2,148	8,403	1,008	761	455	482	6,040	10	10	283	-	5,872	29,782
Cost of goods sold	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,037	1,037
Printing and publications	2,320	2,275	4,595	2,191	1,156	15,880	-	-	-	967	2,974	1	2,766	-	443	30,973
Postage	7,309	973	8,282	780	141	7,282	2	1	1	4,179	615	1	1,618	-	1,068	23,970
Rent	20,042	6,699	26,471	5,912	4,624	6,615	119	57	62	2,290	534	488	-	-	595	48,037
Other expenses	85	11,099	11,184	443	364	604	23	4	5	708	3,200	-	1,820	-	5,309	23,664
Telephone	5,861	1,165	7,026	1,167	813	977	19	13	10	564	134	65	-	-	264	11,052
Technology support	4,280	2,653	6,933	1,273	961	2,660	27	5	6	13,302	76	24	-	-	1,889	27,156
Depreciation	4,058	-	4,058	892	876	2,003	-	-	-	-	-	-	-	-	1,235	9,064
Totals	\$ 1,842,778	\$ 150,173	\$ 1,992,951	\$ 261,145	\$ 510,388	\$ 164,810	\$ 46,622	\$ 61,989	\$ 95,549	\$ 160,225	\$ 12,752	\$ 7,381	\$ 35,922	\$ 9,132	\$ 69,732	\$ 3,428,598

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2008

<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	\$ 1,816,313	\$ -
Child Care and Development Fund for the Indiana Non-Formal CDA Project	93.596	49-04-87-1427	526,097	380,977
Child Care and Development Fund for the Indiana Accreditation Project	93.596	49-04-87-1427	448,871	-
Child Care and Development Fund for the Workforce Study Program	93.596	49-04-87-1427	55,227	-
Child Care and Development Fund for the Infant Toddler Specialist Initiative Program	93.596	49-04-87-1427	84,578	41,648
Child Care and Development Fund for the Online Mentoring Program	93.596	49-04-87-1427	14,931	13,810
Child Care and Development Fund for the Indiana Youth Credential Program	93.596	49-04-87-1427	<u>9,540</u>	<u>8,848</u>
Total Federal Expenditures			<u>\$ 2,955,557</u>	<u>\$ 445,283</u>

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2008

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.



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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, 2008, and have issued our report thereon dated December 3, 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 other matters, which we have reported to management separately.

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.

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Indianapolis, Indiana
December 3, 2008



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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, 2008. 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, 2008.

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 Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
December 3, 2008

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2008

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

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: Unqualified

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 Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.596	Child Care and Development Fund

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 FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2008

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



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

Professional standards require that we communicate matters related to our audit of the financial statements of Indiana Association for the Education of Young Children (“IAEYC”) that we consider significant and relevant to the responsibilities of Those Charged with Governance in overseeing the financial reporting process. Those charged with governance includes the person(s) with responsibility for overseeing the strategic direction of and obligations related to the accountability of IAEYC. We have identified the Finance Committee as the group charged with governance; therefore, we refer to the Finance Committee throughout this letter. We cover such matters below.

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

The Finance Committee should understand that the auditor is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Finance Committee are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America and that the audit of the financial statements does not relieve management or the Finance Committee of their responsibilities. Refer to our engagement letter with IAEYC for further information on the responsibilities of management and Crowe Horwath LLP.

AUDITOR’S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS

As part of obtaining reasonable assurance about whether IAEYC’s financial statements are free of material misstatement, we performed tests of IAEYC’s 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 or disclosures. 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*.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate with the Finance Committee an overview of the planned scope and timing of the audit. Accordingly, we communicated the following matters regarding the planned scope and timing of the audit with a representative of the Finance Committee.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- The views and knowledge of the Finance Committee about matters they consider warrant our attention during the audit.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

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 significant accounting changes requiring communication.

Management Judgments and Accounting Estimates: Further, 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, 2008. We tested this estimate by reviewing, on a test basis, the information listed above and by performing certain other analytical procedures.

Area / Accounting Policy	Judgments and Estimates
Cost Allocation	On the Statement of Activities, management makes estimates for grant and 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, processes and journal entries used to allocate expenses that consistently reflects the benefit received by each function.

AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with the Finance Committee our comments about the following matters related to IAIEYC's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with the Finance Committee, as applicable.

- The appropriateness of the accounting policies to the particular circumstances of the entity, considering the need to balance the cost of providing information with the likely benefit to users of the entity's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the entity's bases for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform the Finance Committee of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

There were no such misstatements.

Uncorrected Misstatements: We are to inform the Finance Committee of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.

There were no such misstatements.

COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM IAEYC

Auditing standards generally accepted in the United States of America require independence for all audits and we confirm that we are independent auditors with respect to IAEYC under the independence requirements established by the American Institute of Certified Public Accountants.

Additionally, we wish to communicate that we have the following relationship with IAEYC that does not impair our independence but which, in our professional judgment, may reasonably be thought to bear on our independence and that we gave significant consideration to in reaching the conclusion that our independence has not been impaired.

Relationship	Safeguards
<p>Tax Services: We were engaged to perform the following tax services:</p> <p>We have been engaged to prepare IAEYC's federal informational return (Form 990) and applicable state returns.</p>	<p>We believe your management is capable to evaluate and take responsibility for their management decisions regarding our services and we did not assume the role of an employee or of management of IAEYC in performing and reporting on our services.</p>

OTHER COMMUNICATIONS

Communication Item	Results
<p>Other Information In Documents Containing Audited Financial Statements</p> <p>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 audit 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 audited financial statements.</p>

Communication Item	Results
<p>Significant Difficulties Encountered During the Audit We are to inform the Finance Committee of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p>Disagreements With Management We are to discuss with the Finance Committee any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to IAEYC's financial statements or the auditor's report.</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 significant matters that were the subject of such consultation.</p>	<p>We are not aware of any instances where management consulted with other accountants about auditing or accounting matters 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>Representations The Auditor Is Requesting From Management We are to provide the Finance Committee with a copy of management's requested written representations to us.</p>	<p>Upon request, we will provide a copy of the letter of management's representation to us.</p>
<p>Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate with the Finance Committee any significant issues that were discussed or were the subject of correspondence with management.</p>	<p>There were no such significant issues discussed, or subject to correspondence, with management.</p>
<p>Other Findings or Issues We Find Relevant or Significant We are to communicate to the Finance Committee other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to the Finance Committee regarding their oversight of the financial reporting process.</p>	<p>There were no such other findings or issues that are, in our judgment, significant and relevant to the Finance Committee regarding their oversight of the financial reporting process.</p>

We were pleased to serve IAEYC 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, Council and, if appropriate, management and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
December 3, 2008