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November 17, 2022

Board of Directors  
Indiana Association for the Education of Young Children  
2955 N. Meridian St., Ste. 120  
Indianapolis, IN 46208

We have reviewed the audit report of Indiana Association for the Education of Young Children which was opined upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Indiana Association for the Education of Young Children as of June 30, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

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

**FINANCIAL STATEMENTS**

June 30, 2021 and 2020

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
Indianapolis, Indiana

FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Indiana Association for the Education of Young Children ("Indiana AEYC") which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

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(Continued)

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Indiana Association for the Education of Young Children as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021 on our consideration of Indiana AEYC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Indiana AEYC's internal control over financial reporting and compliance.



Crowe LLP

Indianapolis, Indiana  
December 1, 2021

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash:		
Association	\$ 325,943	\$ 479,541
Chapters	<u>93,708</u>	<u>92,928</u>
Total cash	419,651	572,469
Grant reimbursements and other receivables:		
COVID recruitment & retention grants receivable	-	1,526,400
Grant reimbursement and other receivables	<u>1,064,323</u>	<u>812,900</u>
Total grant reimbursements and other receivables	1,064,323	2,339,300
Furniture and equipment, net	55,718	51,146
Other assets	<u>7,011</u>	<u>1,623</u>
Total assets	<u>\$ 1,546,703</u>	<u>\$ 2,964,538</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Other grants and accounts payable	\$ 586,816	\$ 478,280
Grants payable – COVID recruitment & retention grants	-	1,526,400
Accrued payroll	129,191	113,991
Deferred contract revenue	2,721	23,189
Deferred membership dues	24,747	24,176
Deferred conference revenue	<u>1,525</u>	<u>1,525</u>
Total liabilities	<u>745,000</u>	<u>2,167,561</u>
Net Assets		
Without donor restrictions (includes Board Designated amounts totaling \$38,038 and \$43,729 for 2021 and 2020, respectively)	791,703	786,977
With donor restrictions	<u>10,000</u>	<u>10,000</u>
Total net assets	<u>801,703</u>	<u>796,977</u>
Total liabilities and net assets	<u>\$ 1,546,703</u>	<u>\$ 2,964,538</u>

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2021

	Association	Early Childhood Professional Development	Workforce Systems	On My Way Pre-K	Other Programs	Without Donor Restrictions Total	With Donor Restrictions	Total
<b>Revenues</b>								
Membership dues	\$ 43,533	\$ -	\$ -	\$ -	\$ -	\$ 43,533	\$ -	\$ 43,533
Grants - federal	-	2,811,151	1,766,678	-	3,750	4,581,579	-	4,581,579
Grants - state	-	-	-	1,192,642	-	1,192,642	-	1,192,642
Contract revenue	-	-	-	-	24,103	24,103	-	24,103
Contributions	45,623	-	-	-	-	45,623	-	45,623
Scholarship sponsors	-	101,653	-	16,790	-	118,443	-	118,443
Conference fees	31,685	-	-	-	-	31,685	-	31,685
Other	26,279	-	-	-	-	26,279	-	26,279
Total revenues	<u>147,120</u>	<u>2,912,804</u>	<u>1,766,678</u>	<u>1,209,432</u>	<u>27,853</u>	<u>6,063,887</u>	<u>-</u>	<u>6,063,887</u>
<b>Expenses</b>								
Program services								
Grant funded projects	-	2,473,328	1,529,994	1,179,814	25,853	5,208,989	-	5,208,988
State Conference program	16,493	-	-	-	-	16,493	-	16,493
Member services	46,160	-	-	-	-	46,160	-	46,160
Other association programs	20,691	-	-	-	-	20,691	-	20,691
Local chapters	10,805	-	-	-	-	10,805	-	10,805
Total program services	<u>94,149</u>	<u>2,473,328</u>	<u>1,529,994</u>	<u>1,179,814</u>	<u>25,853</u>	<u>5,303,138</u>	<u>-</u>	<u>5,303,137</u>
Management and general	47,206	434,584	227,650	44,583	2,000	756,023	-	756,024
Total expenses	<u>141,355</u>	<u>2,907,912</u>	<u>1,757,644</u>	<u>1,224,397</u>	<u>27,853</u>	<u>6,059,161</u>	<u>-</u>	<u>6,059,161</u>
Change in net assets	5,765	4,892	9,034	(14,965)	-	4,726	-	4,726
Net assets, beginning of year	<u>872,470</u>	<u>(4,908)</u>	<u>(67,850)</u>	<u>(21,332)</u>	<u>8,597</u>	<u>786,977</u>	<u>10,000</u>	<u>796,977</u>
<b>Net assets, end of year</b>	<u>\$ 878,235</u>	<u>\$ (16)</u>	<u>\$ (58,816)</u>	<u>\$ (36,297)</u>	<u>\$ 8,597</u>	<u>\$ 791,703</u>	<u>\$ 10,000</u>	<u>\$ 801,703</u>

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2020

	Association	Early Childhood Professional Development	Workforce Systems	On My Way Pre-K	Other Programs	Without Donor Restrictions Total	With Donor Restrictions	Total
<b>Revenues</b>								
Membership dues	\$ 47,682	\$ -	\$ -	\$ -	\$ -	\$ 47,682	\$ -	\$ 47,682
Grants - federal	-	2,607,430	2,037,281	-	137,791	4,782,502	-	4,782,502
Grants - federal (COVID recruitment & retention)	-	869,850	629,550	-	-	1,526,400	-	1,526,400
Grants - state	-	-	-	847,424	-	847,424	-	847,424
Contributions	10,827	-	-	-	-	10,827	-	10,827
Scholarship sponsors	-	247,365	-	34,260	-	281,625	-	281,625
Other	106,704	183	-	-	570	107,457	-	107,457
Total revenues	<u>165,213</u>	<u>3,751,828</u>	<u>2,666,831</u>	<u>881,684</u>	<u>138,361</u>	<u>7,603,917</u>	<u>-</u>	<u>7,603,917</u>
<b>Expenses</b>								
Program services								
Grant funded projects	-	2,431,474	1,832,777	864,296	115,943	5,244,490	-	5,244,490
COVID recruitment & retention grants	-	896,850	629,550	-	-	1,526,400	-	1,526,400
State Conference program	7,613	-	-	-	-	7,613	-	7,613
Member services	47,819	-	-	-	-	47,819	-	47,819
Other association programs	27,530	-	-	-	-	27,530	-	27,530
Local chapters	60,339	-	-	-	-	60,339	-	60,339
Total program services	<u>143,301</u>	<u>3,328,324</u>	<u>2,462,327</u>	<u>864,296</u>	<u>115,943</u>	<u>6,914,191</u>	<u>-</u>	<u>6,914,191</u>
Management and general	58,026	429,438	201,942	28,493	21,886	739,785	-	739,785
Total expenses	<u>201,327</u>	<u>3,757,762</u>	<u>2,664,269</u>	<u>892,789</u>	<u>137,829</u>	<u>7,653,976</u>	<u>-</u>	<u>7,653,976</u>
Change in net assets	(36,114)	(5,934)	2,562	(11,105)	532	(50,059)	-	(50,059)
Net assets, beginning of year	<u>908,584</u>	<u>1,026</u>	<u>(70,412)</u>	<u>(10,227)</u>	<u>8,065</u>	<u>837,036</u>	<u>10,000</u>	<u>847,036</u>
Net assets, end of year	<u>\$ 872,470</u>	<u>\$ (4,908)</u>	<u>\$ (67,850)</u>	<u>\$ (21,332)</u>	<u>\$ 8,597</u>	<u>\$ 786,977</u>	<u>\$ 10,000</u>	<u>\$ 796,977</u>

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2021

	-----Association-----									
	Early Childhood Professional Development	Workforce Systems	On My Way Pre-K	Other Programs	State Conference	Other Member Services	Association Programs	Local Chapters	Management and General	Total Expenses
Salaries and wages	\$ 864,890	\$ 950,644	\$ 741,977	\$ -	\$ 6,558	\$ 2,361	\$ 2,725	\$ 4,752	\$ 13,599	\$ 2,587,506
Employee benefits	<u>247,404</u>	<u>286,740</u>	<u>178,672</u>	<u>-</u>	<u>897</u>	<u>788</u>	<u>910</u>	<u>1,586</u>	<u>4,319</u>	<u>721,316</u>
Total salaries and employee benefits	1,112,294	1,237,384	920,649	-	7,455	3,149	3,635	6,338	17,918	3,308,822
Programs and activities	-	428,036	-	25,853	5,580	42,128	-	2,690	-	504,287
Scholarships	1,566,156	-	268,294	-	-	-	16,037	-	-	1,850,487
Supplies and expendables	3,891	1,373	434	-	-	20	23	42	103	5,886
Travel and training	11,332	8,119	6,318	-	-	26	30	52	132	26,009
Insurance	5,817	5,236	4,355	-	-	280	323	563	1,431	18,005
Professional services and fees	75,895	13,402	8,675	-	3,252	-	-	-	5,423	106,647
Printing and publications	3,818	1,296	816	-	-	57	66	115	292	6,460
Postage	1,765	1,125	346	-	-	120	139	242	616	4,353
Rent	54,031	18,344	6,083	-	-	140	161	281	715	79,755
Other expenses	18,769	146	51	2,000	149	-	-	-	14,710	35,825
Telephone	12,377	9,301	955	-	57	38	44	76	194	23,042
Technology support	37,513	31,529	4,324	-	-	202	233	406	1,031	75,238
Depreciation	<u>4,254</u>	<u>2,353</u>	<u>3,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,641</u>	<u>14,345</u>
Totals	<u>\$ 2,907,912</u>	<u>\$ 1,757,644</u>	<u>\$ 1,224,397</u>	<u>\$ 27,853</u>	<u>\$ 16,493</u>	<u>\$ 46,160</u>	<u>\$ 20,691</u>	<u>\$ 10,805</u>	<u>\$ 47,206</u>	<u>\$ 6,059,161</u>

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2020

	-----Association-----									
	Early Childhood Professional Development	Workforce Systems	On My Way Pre-K	Other Programs	State Conference	Other Member Services	Association Programs	Local Chapters	Management and General	Total Expenses
Salaries and wages	\$ 869,807	\$ 1,144,558	\$ 514,778	\$ 46,524	\$ 1,715	\$ 4,841	\$ 4,541	\$ 5,881	\$ 22,509	\$ 2,615,154
Employee benefits	247,908	346,884	117,064	13,620	234	1,592	1,493	1,934	7,403	738,132
Total salaries and employee benefits	1,117,715	1,491,442	631,842	60,144	1,949	6,433	6,034	7,815	29,912	3,353,286
Programs and activities	84,239	398,239	-	68,121	-	39,790	-	50,586	-	640,975
Scholarships	1,437,904	-	221,869	-	-	-	20,000	-	-	1,679,773
COVID recruitment & and retention grants	896,850	629,550	-	-	-	-	-	-	-	1,526,400
Supplies and expendables	24,643	7,538	1,921	2,700	1,255	291	273	353	1,351	40,325
Travel and training	8,906	42,130	15,197	25	2,000	360	338	438	1,676	71,070
Insurance	6,164	7,294	2,039	521	866	98	92	119	455	17,648
Professional services and fees	20,441	17,136	2,876	555	1,426	15	14	18	7,927	50,408
Printing and publications	4,191	1,304	2,666	540	-	21	20	25	97	8,864
Postage	4,391	1,427	160	1,045	1	138	130	168	642	8,102
Rent	52,539	16,694	3,656	2,632	-	265	249	322	1,234	77,591
Other expenses	17,564	226	61	7	102	-	-	-	7,278	25,238
Telephone	11,933	10,761	675	375	14	10	9	12	46	23,835
Technology support	63,867	33,083	7,505	1,164	-	398	371	483	1,847	108,718
Depreciation	6,415	7,445	2,322	-	-	-	-	-	5,561	21,743
Totals	<u>\$ 3,757,762</u>	<u>\$ 2,664,269</u>	<u>\$ 892,789</u>	<u>\$ 137,829</u>	<u>\$ 7,613</u>	<u>\$ 47,819</u>	<u>\$ 27,530</u>	<u>\$ 60,339</u>	<u>\$ 58,026</u>	<u>\$ 7,653,976</u>

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
 STATEMENTS OF CASH FLOWS  
 Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 4,726	\$ (50,059)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	14,345	21,743
Changes in assets and liabilities:		
Grant reimbursement and other receivables	1,274,977	(1,393,915)
Other assets	(5,388)	1,649
Grants and accounts payable	(1,417,864)	1,538,747
Accrued payroll	15,200	8,715
Deferred revenue	<u>(19,897)</u>	<u>(1,629)</u>
Net cash from operating activities	<u>(133,901)</u>	<u>125,251</u>
<b>Cash flows from investing activities</b>		
Proceeds from line of credit borrowings	-	165,000
Line of credit principal repayments	-	(165,000)
Purchase of property and equipment	<u>(18,917)</u>	<u>(18,832)</u>
Net cash from investing activities	<u>(18,917)</u>	<u>(18,832)</u>
Net change in cash	(152,818)	106,419
Cash, beginning of year	<u>572,469</u>	<u>466,050</u>
<b>Cash, end of year</b>	<u>\$ 419,651</u>	<u>\$ 572,469</u>

See accompanying notes to financial statements.

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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

Organization and Programs: Indiana Association for the Education of Young Children (“Indiana AEYC”) was incorporated as a not-for-profit organization under the laws of the State of Indiana. It was established to promote and support quality care and education for children. The organization is dedicated to improving early childhood education and recognizes high quality programs so that parents can make informed choices. During the years ended June 30, 2021 and 2020, Indiana AEYC provided the following program services:

- Indiana Early Childhood Conference – The annual Indiana Early Childhood Conference is the largest statewide conference providing over 200 workshops linked to core knowledge and competencies for over 3,500 early childhood professionals in Indiana. Due to the COVID-19 pandemic, the 2020 conference was not held. An Early Childhood Virtual Professional Development Series was held in April 2021 for over 330 early childhood educators in place of an in-person conference.
- Early Childhood Professional Development encompasses the following Indiana AEYC programs:
  - T.E.A.C.H. (Teacher Education and Compensation Helps) Early Childhood® INDIANA project – provides credit-based scholarships to the early childhood workforce to increase skills and knowledge, compensation and decrease turn over. Scholarships are provided to support the CDA (Child Development Associate Credential) training and assessment and the Early Childhood Associate and Bachelor degrees.
  - Non Formal CDA (Child Development Associate) Project – The Indiana Non Formal CDA Project provides 120 clock hours of training to meet the national CDA credential requirements. Early childhood educators working in child care centers, registered ministries and family child care homes are eligible to attend Non Formal CDA classes.
- Early Childhood Workforce Systems encompasses the following Indiana AEYC programs:
  - Early Childhood Workforce Systems – Indiana AEYC provides support to early childhood licensed centers and homes, registered ministries, public and private schools and head start programs through the Regional Early Childhood Workforce Coordinators. Regional Early Childhood Workforce Coordinators assess the ongoing needs of the early childhood workforce, provide resources and connect early childhood programs with ongoing resources.
  - Accreditation Project – The Indiana Accreditation Project supports national accreditation to increase the quality of early childhood and out of school learning programs. The Indiana Accreditation Project provides technical and financial support for early childhood programs enrolled in the Paths To QUALITY™ (Indiana’s quality rating and improvement system) to obtain and maintain national accreditation. Early childhood and out of school facilities including child care centers, family child care homes, non-licensed registered ministries, public and private schools are eligible to participate in this project.
- On My Way Pre-K (Indiana’s Preschool Program) – On My Way Pre-K provides grants for 4-year-olds from low income families, so they may have access to high-quality preschool programs the year before they begin kindergarten. On My Pre-K is administered through the Office of Early Childhood and Out of School Learning under the direction of the Indiana Family and Social Services Administration. On My Pre-K launched in 2015 in five counties, expanded to 20 counties in 2017 and moved to all 92 counties in 2019. Indiana AEYC receives On My Pre-K funds to support the On My Way Pre-K Managers. On My Way Pre-K Managers successfully recruit and enroll eligible families with a four-year-old. Indiana AEYC receives On My Way funding to support scholarships for early childhood educators through the T.E.A.C.H. Early Childhood® INDIANA and the Non Formal CDA projects. On My Way funding also supports early childhood facilities through the PTQ® incentives and national accreditation, if they have an On My Way child enrolled.

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(Continued)

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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

- First Aid/CPR Registered Ministry Project – In 2019, a state statute was passed requiring Unlicensed Registered Child Care Ministries to have an employee certified in First Aid/CPR onsite when children are present. IN AEYC provided financial support with public and private funds for over 750 early childhood educators to be certified in First Aid/CPR in the July 1, 2020 through June 30, 2021 fiscal year.
- In recognition of the essential work of early childhood and out of school professionals, especially during the COVID-19 public health emergency as they provide education and care for first responders, health care personnel, and other essential workers, Indiana AEYC, through the Office of Early Childhood and Out-of-School Learning, offered grant funding for the purpose of recruiting and retaining employees (full or part-time) in the state of Indiana to Early Childhood and Out of School Learning programs that were open with children present or planned to be open on/or before June 14, 2020. Grant applications were received through June 29, 2020. These Recruitment & Retention grants were limited to the 2019-2020 fiscal year and did not continue in the July 1, 2020 through June 30, 2021 fiscal year.

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

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

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

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

Indiana AEYC does not expect the total amount of unrecognized tax liabilities to significantly change in the next 12 months. Indiana AEYC recognizes interest and/or penalties related to income tax matters in income tax expense. Indiana AEYC did not have any amounts accrued for interest and penalties at June 30, 2021 and 2020.

Cash: Cash consists of bank deposits in accounts that are federally insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. As of June 30, 2021 and 2020, Indiana AEYC has deposits with financial institutions exceeding the FDIC limit by \$440,871 and \$183,180, respectively.

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

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(Continued)

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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

Allowance for Uncollectible Accounts: The allowance for uncollectible accounts is determined by management based upon Indiana AEYC's historical losses, specific circumstances and general economic conditions. At June 30, 2021 and 2020, management estimated that no allowance was needed.

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

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

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

Impairment of Long-Lived Assets: In accordance with GAAP, Indiana AEYC reviews its furniture and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended June 30, 2021 or 2020.

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 GAAP, which requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon the donor restrictions, as applicable. Net assets are to be classified as without donor restrictions and with donor restrictions. The following classes of net assets are maintained:

Without Donor Restrictions Net Assets – The without donor restrictions net asset class includes general and board designated net assets for the Christine L. Fischer Fund. The net assets without donor restrictions may be used at the discretion of management to support Indiana AEYC's purposes and operations.

With Donor Restrictions Net Assets - Net assets with donor restrictions represent the part of the net assets of Indiana AEYC resulting from contributions and other inflows of assets whose use by Indiana AEYC is limited by donor-imposed stipulations that either expire by passage of time or actions of Indiana AEYC. Net assets with donor restrictions are available for program development and implementation. At June 30, 2021 and 2020, Indiana AEYC had net assets with donor restrictions of \$10,000.

The net assets with donor restrictions class also includes assets of Indiana AEYC for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or their economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. At June 30, 2021 and 2020, Indiana AEYC does not have any net assets with such restrictions.

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(Continued)

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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

Support and Revenues: Indiana AEYC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, Indiana AEYC reports the support as without donor restrictions.

Concentrations: For the years ended June 30, 2021 and 2020, revenue from federal funding sources represented approximately 76% and 83% of Indiana AEYC's total revenue, respectively.

Government Grants: Support funded by grants is recognized as Indiana AEYC performs the contracted services under grant agreements or as grantor conditions are satisfied. 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.

Revenue Recognition: Indiana AEYC recognizes revenue either as performance obligations are materially satisfied, contracts expire or are invalidated, and/or as applicable policy terms warrant. Membership revenue is recognized proportionately over the membership year as the revenue is earned each month. Pre-conference sales are recognized as deferred revenue and recognized as revenue in the fiscal year the event occurs. Scholarship sponsors are recorded under contribution accounting and recognized at the time of the pledge or when the sponsorship agreement is made.

Donated Property and Equipment: Indiana AEYC reports gifts of land, buildings, and equipment as support without donor restrictions 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 support with donor restrictions. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, Indiana AEYC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service, as instructed by the donor. Indiana AEYC reclassifies net assets with donor restrictions to net assets without donor restrictions 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. Indiana AEYC relies on the contributed services of many volunteers; however, the criteria to record the values of these services have not been met and therefore they are not recorded in the financial statements.

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

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 effect on the change in net assets or total net assets.

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(Continued)

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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

Recently Adopted Accounting Guidance: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers Topic (606). This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU has superseded the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Indiana AEYC applied the amendments in this ASU for the year ended June 30, 2021 using a retrospective method of application. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2021, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2021. Management has performed their analysis through December 1, 2021, the date the financial statements were available to be issued.

**NOTE 2 - LEASES**

During the years ended June 30, 2021 and 2020, Indiana AEYC leased its facilities, office furnishings, and a copier under operating lease agreements. In August 2018, Indiana AEYC entered into a new agreement to lease a new office space under an operating lease arrangement which expires July 31, 2028. Indiana AEYC is able to terminate the lease agreement with 60 days' notice in the event that their federal funding is significantly reduced. Indiana AEYC entered into a lease agreement for office furnishings which expired July 31, 2020 and the copier lease expires in June 2023.

Rental expense included in the statements of activities for the year ended June 30, 2021 and 2020 was \$79,755 and \$77,591, respectively. Indiana AEYC's minimum annual rental payments required under operating leases with remaining terms at June 30, 2021, are as follows:

<u>Fiscal year</u>	
2022	\$ 85,962
2023	88,685
2024	86,762
2025	89,485
2026	92,198
2027 - 2029	<u>200,722</u>
	<u>\$ 643,814</u>

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(Continued)

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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**NOTE 3 - GRANT COMMITMENTS**

Indiana AEYC receives its grant support through monthly claims filed with the respective funding agency, not to exceed a limit specified in the funding agreement. The financial statements are prepared on the accrual basis; therefore, all earned portions of the grants not yet received as of June 30, 2021 and 2020 have been recorded as receivables.

During the year ended June 30, 2020, Indiana AEYC obtained a signed grant contract for a total of \$33,194,288 through September 30, 2023, of which \$21,489,015 and \$27,470,197 was unspent and remained available to be claimed as of June 30, 2021 and 2020, respectively.

This amount has not been recorded as revenue but is disclosed as a conditional grant.

**NOTE 4 - ACTIVITIES WITH RELATED PARTIES**

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

Grant payments were made to organizations that employed Board members in the amount of \$268,329 and \$248,033 for the years ended June 30, 2021 and 2020, respectively. All program eligibility requirements for scholarships are determined by Indiana AEYC staff. Board members have no role in determining or directing any funds to organizations, schools or program recipients. Board members are elected by the members of the organization and are not appointed by management.

**NOTE 5 - EMPLOYEE BENEFITS**

Indiana AEYC maintains a 401(k) defined-contribution plan for the benefit of substantially all of its full-time employees, which allows for both employee and employer contributions. Indiana AEYC’s contribution consists of a discretionary contribution of up to four percent of eligible employee compensation. Indiana AEYC’s contribution to the plan was \$89,678 and \$79,520 for 2021 and 2020, respectively.

**NOTE 6 - OTHER PROGRAM REVENUES**

Other programs revenues on the statement of activities are comprised of the following:

	<u>2021</u>	<u>2020</u>
Head Start Collaboration Grant	\$ 3,750	\$ 18,083
Child Care Development Block Grant – PDF Workforce Grant	-	119,708
Other	<u>24,103</u>	<u>570</u>
	<u>\$ 27,853</u>	<u>\$ 138,361</u>

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(Continued)

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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**NOTE 7 - LIQUIDITY AND AVAILABILITY**

The Indiana AEYC's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash	\$ 419,651	\$ 572,469
Grant reimbursement and other receivables	<u>1,064,323</u>	<u>2,339,300</u>
Total financial assets	1,483,974	2,911,769
Less amounts not available to be used within one year:		
Cash held for Chapters	(93,708)	(92,928)
Board-designated net assets	(38,038)	(43,729)
Net assets with donor restrictions	<u>(10,000)</u>	<u>(10,000)</u>
Total financial assets not available to be used within one year	<u>(141,746)</u>	<u>(146,657)</u>
Financial assets available within one year	<u>\$ 1,342,228</u>	<u>\$ 2,765,112</u>

As part of Indiana AEYC's liquidity management, the Indiana AEYC maintains its cash in FDIC-insured, interest bearing accounts to be available as its general expenditures, liabilities, and other obligations come due.

On November 25, 2019, Indiana AEYC obtained a line of credit with available principal of \$300,000 for operating liquidity. The line of credit has an interest rate equal to Prime and a maturity date of November 25, 2022. As of June 30, 2021, there were no borrowings outstanding on the line of credit.

**SUPPLEMENTAL INFORMATION**

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year ended June 30, 2021

Federal Grantor/ Program Title	Assistance Listing Number	Grant or Pass-through Number	Federal Expenditures	Amounts Awarded to Subrecipients
<u>Department of Labor</u>				
Pass-through program from: Indiana Department of Workforce Development				
WIOA Adult Program - Center of Workforce Innovations	17.258	None	\$ 54,992	\$ -
WIOA Adult Program - Blue River Career Program	17.258	None	44,358	-
WIOA Adult Program - Monroe County Community School Corporation	17.258	None	16,317	-
WIOA Adult Program - Fort Wayne Community Schools Continuing Education Programs	17.258	None	<u>22,370</u>	<u>-</u>
Total WIOA Cluster			<u>138,037</u>	<u>-</u>
<u>Department of Health and Human Services</u>				
Pass-through program from: Indiana Family and Social Services Administration, Division of Family Resources				
Child Care and Development Block Grant – Early Childhood Professional Development – T.E.A.C.H. Early Childhood@ INDIANA and Indiana Non-Formal CDA Project	93.575	22915	2,511,132	-
Child Care and Development Block Grant – Workforce Systems	93.575	22915	<u>1,766,678</u>	<u>-</u>
Total Child Care and Development Fund (CCDF) Cluster			<u>4,277,810</u>	<u>-</u>
Head Start - Collaboration Grant	93.600	22915	3,750	-
Social Services Block Grant – T.E.A.C.H. Scholarship	93.667	22915	<u>161,981</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 4,581,579</u>	<u>\$ -</u>
<u>State of Indiana Funding</u>				
Pass-through program from: Indiana Family and Social Services Administration, Division of Family Resources				
On My Way Pre-K	N/A	22915	\$ 251,457	\$ -
On My Way Pre-K Managers	N/A	38655	<u>941,185</u>	<u>-</u>
Total On My Way Pre-K			<u>\$ 1,192,642</u>	<u>\$ -</u>

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year ended June 30, 2021

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**NOTE 1 - BASIS OF PRESENTATION**

This schedule includes the federal and state awards activity of the Indiana Association for the Education of Young Children and is presented on the accrual basis of accounting. The federal information in this schedule is presented in accordance cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements

Indiana Association for the Education of Young Children has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Indiana Association for the Education of Young Children ("Indiana AEYC"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2021.

**Internal Control Over Financial Reporting**

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

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

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

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(Continued)

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Indiana AEYC's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

  
Crowe LLP

Indianapolis, Indiana  
December 1, 2021

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Indiana Association for the Education of Young Children's ("Indiana AEYC") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Indiana AEYC's major federal program for the year ended June 30, 2021. Indiana AEYC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Indiana AEYC's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the Indiana AEYC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Major Federal Program***

In our opinion, Indiana AEYC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

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(Continued)

## Report on Internal Control Over Compliance

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

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

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

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



Crowe LLP

Indianapolis, Indiana  
December 1, 2021

INDIANA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2021

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**SECTION 1 - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

    Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes     X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes     X  No

*Federal Awards*

Internal Control over major programs:

    Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

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

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

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? \_\_\_\_\_ Yes     X  No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.575	Child Care and Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  X  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 2CFR 200.516(a).**

None

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