

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.
Atlanta, Georgia

FINANCIAL STATEMENTS
and
SUPPLEMENTAL INFORMATION

Year Ended June 30, 2016

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Independent Auditor's Report

To the Board of Directors
Georgia Association on Young Children, Inc.
Atlanta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of **Georgia Association on Young Children, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. 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. 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.



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Georgia Association on Young Children, Inc.** as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of contractual assistance (page 14), is presented for 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 audit of the financial statements and certain additional 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 30, 2016 on our consideration of **Georgia Association on Young Children, Inc.**'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Georgia Association on Young Children, Inc.**'s internal control over financial reporting and compliance.

Fricke & Associates, P.C.

Norcross, Georgia
December 30, 2016

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2016

ASSETS

Cash and cash equivalents	\$ 141,291
Accounts receivable	38,649
Prepaid items	<u>462</u>
Total assets	<u>\$ 180,402</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 37,147
Deferred revenue	<u>15,554</u>
Total liabilities	52,701

NET ASSETS

Unrestricted net assets	<u>127,701</u>
Total net assets	<u>127,701</u>

Total liabilities and net assets	<u>\$ 180,402</u>
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The accompanying notes are an integral part of these financial statements.

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

Unrestricted net assets	
Revenues and other support	
Contractual assistance	\$ 94,292
Conference income	59,600
Contributions	23,294
Membership fees	16,180
Training seminar fees	16,284
Other income	<u>4,941</u>
Total unrestricted revenues and other support	214,591
Expenses	
Program services	125,480
Support services	
Management and general	<u>9,595</u>
Total expenses	<u>135,075</u>
Increase in unrestricted net assets	79,516
Net assets, beginning of year	<u>48,185</u>
Net assets, end of year	<u>\$ 127,701</u>

The accompanying notes are an integral part of these financial statements.

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016

	Program Services	Support Services Management & General	Total
Consultants and professional fees	\$ 105,216	\$ 4,751	\$ 109,967
Occupancy	-	892	892
Telephone	2,274	762	3,036
Travel	3,627	128	3,755
Conferences and meetings	8,598	457	9,055
Loss on disposal of assets	-	387	387
Office expense	2,506	156	2,662
Printing	2,183	402	2,585
Depreciation	-	130	130
Other expenses	1,076	1,530	2,606
 Total functional expenses	 \$ 125,480	 \$ 9,595	 \$ 135,075

The accompanying notes are an integral part of these financial statements.

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

Cash flows from operating activities:	
Increase in net assets	\$ 79,516
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	130
Loss on disposal of assets	387
(Increase) decrease in assets:	
Accounts receivable	(22,117)
Prepaid items	3,731
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	9,326
Deferred revenue	<u>(600)</u>
Net cash provided by operating activities	<u>70,373</u>
Increase in cash and equivalents	70,373
Cash and equivalents, beginning of year	<u>70,918</u>
Cash and equivalents, end of year	<u>\$ 141,291</u>

The accompanying notes are an integral part of these financial statements.

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Georgia Association on Young Children, Inc. (the “Organization”) is a Georgia nonprofit organization, organized in 1966 and incorporated in 2005 for the purpose of improving the education, growth, and development of young children. The Organization strives to provide opportunities for the membership to enhance their experiences and to coordinate the efforts of the membership with the efforts of others in promoting the general welfare of Georgia’s young children.

Basis of Accounting

The Organization’s financial statements are presented on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred.

Financial Statement Presentation

The Organization adheres to FASB ASC 958-205-45-4 (formerly SFAS No. 117, “*Financial Statements of Not-for Profit Organizations*”). Under FASB ASC 958-205-45-4 the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Contributions

The Organization also adheres to FASB ASC 958-10-20 (formerly SFAS No. 116, “*Accounting for Contributions Received and Contributions Made*”). Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. As of June 30, 2016, there are no temporarily or permanently restricted net assets.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes

The Organization is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying financial statements. The Organization does not receive any income from unrelated business activities and is not required to file a federal Exempt Organization Business Income Tax Return (Form 990-T) and believes that it has appropriate support for any tax positions taken, including its tax exempt status, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal income tax returns are subject to examination by taxing jurisdictions, generally for three years after they are filed. The Organization believes it is no longer subject to tax examinations for years prior to June 30, 2012.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with a maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

At June 30, 2016 the Organization's carrying amount of cash and cash equivalents was \$141,291 and bank balances were \$142,842. These bank balances were collateralized up to \$250,000 per financial institution. At June 30, 2016, all cash balances were collateralized.

Receivables

Receivables consist of reimbursements due on federal, state and local grants for expenditures made but not reimbursed. Other receivables are due from individuals and organizations for professional development seminars and training. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the financial statements do not include any amounts that would necessitate the need for an allowance for uncollectible receivables. *See Note B*

Prepaid Items

Payments made to vendors for services that will benefit periods subsequent to year end, are recorded as prepaid items.

Property and Equipment

Property and equipment are stated at historical cost or fair market value at the date of the gift, if donated. Depreciation of office equipment and furniture and fixtures are computed over the estimated useful life of the applicable asset using the straight-line method. *See Note C*

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Membership Dues

Georgia Association on Young Children, Inc. is a state affiliate for the National Association for the Education of Young Children (NAEYC) and the Southern Early Childhood Association (SECA).

Deferred Revenue

Income from the Darkness to Light training program and professional development seminars is deferred and recognized in the period to which the fees relate. *See Note D*

NOTE B – RECEIVABLES

State receivables include amounts earned on approved state grants including federal grants which may be passed through state agencies or other organizations. Other receivables include amounts due from individuals and organizations for professional development. The Organization's receivables as of June 30, 2016 are as follows:

State

Georgia Department of Early Care and Learning Child Care Development Funds	\$ 26,750
Georgia Department of Human Services Strengthening Families of Georgia	5,162

Other

Various sources	<u>6,737</u>
Total	<u>\$ 38,649</u>

NOTE C – PROPERTY AND EQUIPMENT

The following is a summary of changes in the Organization's property and equipment during the year:

	Balance <u>June 30, 2015</u>	Additions <u>(Deletions)</u>	Depreciation	Balance <u>June 30, 2016</u>
Office equipment	\$ 1,299	\$ (1,299)	\$ -	\$ -
Accumulated depreciation	<u>(782)</u>	<u>912</u>	<u>(130)</u>	<u>-</u>
Property and equipment, net	<u>\$ 517</u>	<u>\$ (387)</u>	<u>\$ (130)</u>	<u>\$ -</u>

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE D – DEFERRED REVENUE

As of June 30, 2016, the Organization received \$13,214 for the Darkness to Light training program and \$2,940 for professional development seminars to be performed in the following year. When the services are performed, these amounts will be recognized as revenue.

NOTE E – RETIREMENT PLAN

The Organization has available to its employees a deferred annuity plan qualified under section 403(b) of the Internal Revenue Code. The plan allows employees to make elective deferrals to the plan to the extent allowed by the Internal Revenue Code. The Organization does not match employee contributions.

NOTE F – CONTINGENCIES

Grants often require the fulfillment of certain conditions as set forth in the related instrument. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management deems the contingency unlikely, since upon accepting the grants the Organization has agreed to comply with the provisions thereof.

NOTE G – DATE OF MANAGEMENT’S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 30, 2016, the date which the financial statements were available to be issued.

NOTE H – EFFECT OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS

The Organization depends heavily on contributions and grants for its revenue. The ability of certain of the Organization’s contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While management believes the organization has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

SUPPLEMENTAL INFORMATION

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

SCHEDULE OF CONTRACTUAL ASSISTANCE

Year Ended June 30, 2016

<u>FUNDING AGENCY PROGRAM/GRANT</u>	<u>CONTRACT NUMBER</u>	<u>GRANT AWARD IN PERIOD</u>	<u>REVENUES IN PERIOD</u>	<u>RECEIVABLE JUNE 30, 2016</u>	<u>EXPENDITURES IN PERIOD</u>
FEDERAL, STATE AND LOCAL GRANTS					
U.S. Department of Health and Human Services Bright from the Start Georgia Department of Early Care and Learning Child Care and Development SFY 2016	46900-621-V16GAY008	\$ 34,000	\$ 34,000	\$ 26,750	\$ 34,000
Georgia Department of Human Services Office of Prevention and Family Support Strengthening Families of Georgia FFY 2015	42700-040-0000034843	-	13,032	-	15,239 (1)
Georgia Department of Public Health Through Columbus Board of Health/Project Launch Grant Initiative Strengthening Families Georgia Training of Trainers Course 2016 Contract	42700-040-0000034843 N/A	60,000	41,162	5,162	41,162
		<u>6,254</u>	<u>6,098</u>	<u>-</u>	<u>6,098</u>
Total Contractual Assistance		\$ 100,254	\$ 94,292	\$ 31,912	\$ 96,499

SFY - State Fiscal Year (7/1 - 6/30)

FFY - Federal Fiscal Year (10/1 - 9/30)

N/A - Not Available

(1) Includes local funds.

See notes to financial statements.

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

**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**

To the Board of Directors
Georgia Association on Young Children, Inc.
Atlanta, Georgia

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 **Georgia Association on Young Children, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Georgia Association on Young Children, Inc.**'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 **Georgia Association on Young Children, Inc.**'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Georgia Association on Young Children, Inc.**'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fricke & Associates, P.C.

Norcross, Georgia
December 30, 2016

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

I. FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported for the year ended June 30, 2015.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

I SUMMARY OF AUDITOR'S RESULTS

1. Type of Report Issued on the Financial Statements

The auditor's opinion on **Georgia Association on Young Children, Inc.**'s financial statements was unmodified.

2. Internal Control over Financial Reporting

Material Weakness(es) Identified? _____ yes X none reported

Significant deficiencies Identified that are
Not Considered to be Material Weaknesses(es)? _____ yes X none reported

3. Noncompliance Material to the Financial Statements

The audit report of **Georgia Association on Young Children, Inc.**'s disclosed no instances of noncompliance that were deemed to be material to the financial statements.

II. FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters reported.