

**Iowa Association for the Education of Young Children
Des Moines, Iowa**

FINANCIAL REPORT

June 30, 2020 and 2019

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	3-4
FINANCIAL STATEMENTS	
Statements of financial position	5
Statements of activities	6
Statements of functional expenses	7
Statements of cash flows	8
Notes to financial statements	9-11
SUPPLEMENTARY INFORMATION	12
Schedule of expenditures of federal awards	13
Notes to schedule of expenditures of federal awards	14
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 <i>GOVERNMENT AUDITING STANDARDS</i>	15-16
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	17-18
Schedule of findings and questioned costs	19



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Iowa Association for the Education of Young Children
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Iowa Association for the Education of Young Children, a nonprofit corporation, which comprise the statements of financial position as of June 30, 2020 and 2019, 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 audits 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 Association'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 Association'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iowa Association for the Education of Young Children as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 12-14, including the schedule of expenditures of federal 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 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 September 25, 2020, on our consideration of the Association'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 the Association's internal control over financial reporting and compliance.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 25, 2020

**Iowa Association for the Education of Young Children
STATEMENTS OF FINANCIAL POSITION**

	June 30	
ASSETS	2020	2019
Cash	\$ 50,404	\$ 61,775
Accounts receivable	430,727	264,640
Prepaid expenses	<u>12,139</u>	<u>11,036</u>
Totals	<u>\$ 493,270</u>	<u>\$ 337,451</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Note payable	\$ 245,000	\$ —
Accounts payable	—	393
Accrued employee compensation	38,754	25,498
Deferred revenue	<u>103,525</u>	<u>237,692</u>
Total liabilities	<u>387,279</u>	<u>263,583</u>
NET ASSETS , without donor restrictions	<u>105,991</u>	<u>73,868</u>
Totals	<u>\$ 493,270</u>	<u>\$ 337,451</u>

See Notes to Financial Statements.

**Iowa Association for the Education of Young Children
STATEMENTS OF ACTIVITIES**

	Year ended June 30	
	2020	2019
REVENUE		
TEACH program		
Iowa Department of Human Services	\$ 717,047	\$ 462,000
Iowa Department of Management	363,637	359,738
Iowa Department of Public Health	177,007	287,107
United Way of Central Iowa	78,000	78,000
Early Childhood Area, Iowa River Valley	10,419	-
Early Childhood Iowa, Polk County	87,050	87,050
Copayments from recipients	<u>72,154</u>	<u>77,625</u>
	1,505,314	1,351,520
Contract income	818,252	816,332
WAGE\$ program	672,679	595,098
Conference income	79,315	84,755
Membership dues	23,519	27,025
Contributions	9,476	7,632
Sponsorship income	13,000	15,975
Miscellaneous	<u>12,908</u>	<u>9,068</u>
Total revenue	<u>3,134,463</u>	<u>2,907,405</u>
EXPENSES		
Program services—education and training	2,650,541	2,481,053
Supporting services—management and general	<u>451,799</u>	<u>427,377</u>
Total expenses	<u>3,102,340</u>	<u>2,908,430</u>
CHANGE IN NET ASSETS	32,123	(1,025)
NET ASSETS		
Beginning	<u>73,868</u>	<u>74,893</u>
Ending	<u>\$ 105,991</u>	<u>\$ 73,868</u>

See Notes to Financial Statements.

**Iowa Association for the Education of Young Children
STATEMENTS OF FUNCTIONAL EXPENSES**

	<u>Year ended June 30, 2020</u>			<u>Year ended June 30, 2019</u>		
	<u>Program Services</u>	<u>Supporting services</u>	<u>Total</u>	<u>Program services</u>	<u>Supporting services</u>	<u>Total</u>
	<u>Education and training</u>	<u>Management and general</u>		<u>Education and training</u>	<u>Management and general</u>	
Salaries	\$ 903,792	\$ 212,509	\$1,116,301	\$ 937,890	\$ 195,942	\$1,133,832
Payroll taxes	65,758	13,224	78,982	68,362	14,463	82,825
Employee benefits	<u>23,205</u>	<u>4,903</u>	<u>28,108</u>	<u>24,534</u>	<u>4,072</u>	<u>28,606</u>
Total salaries and related benefits	992,755	230,636	1,223,391	1,030,786	214,477	1,245,263
Scholarships						
TEACH program	730,832	-	730,832	638,802	-	638,802
WAGE\$ program	525,384	-	525,384	482,863	-	482,863
CDA assessments	31,929	-	31,929	46,675	-	46,675
Other	9,982	331	10,313	6,571	564	7,135
Travel	127,076	12,735	139,811	90,400	13,032	103,432
Contract services	-	-	-	9,903	-	9,903
Continuing education	1,550	2,756	4,306	3,126	1,726	4,852
Rent	-	52,730	52,730	-	52,730	52,730
Utilities	-	7,419	7,419	-	7,981	7,981
Supplies	9,525	13,863	23,388	9,869	11,920	21,789
Printing and publications	89,650	1,203	90,853	3,941	1,294	5,235
Payroll processing services	2,496	568	3,064	2,505	769	3,274
Postage	3,162	299	3,461	2,093	350	2,443
Telephone	-	4,107	4,107	150	4,675	4,825
Repairs and maintenance	708	26,047	26,755	5,450	20,744	26,194
Minor equipment	32,932	4,102	37,034	5,212	6,359	11,571
Conference costs	3,437	53,188	56,625	4,795	50,531	55,326
Meetings	30,064	487	30,551	35,477	2,914	38,391
Promotion costs	17,147	1,432	18,579	8,882	6,223	15,105
Professional fees	41,672	29,765	71,437	89,126	22,485	111,611
Insurance	-	1,448	1,448	4,427	2,262	6,689
Rebates	240	3,101	3,341	-	3,410	3,410
Interest	-	1,768	1,768	-	1,186	1,186
Miscellaneous	<u>-</u>	<u>3,814</u>	<u>3,814</u>	<u>-</u>	<u>1,745</u>	<u>1,745</u>
Totals	<u>\$2,650,541</u>	<u>\$ 451,799</u>	<u>\$3,102,340</u>	<u>\$2,481,053</u>	<u>\$ 427,377</u>	<u>\$2,908,430</u>

See Notes to Financial Statements.

**Iowa Association for the Education of Young Children
STATEMENTS OF CASH FLOWS**

	Year ended June 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 32,123	\$ (1,025)
Adjustments to reconcile change in net assets to net cash (used in) operating activities		
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(166,087)	7,625
(Increase) decrease in prepaid expenses	(1,103)	338
Increase (decrease) in accounts payable	(393)	204
Increase (decrease) in accrued employee compensation	13,256	(1,699)
(Decrease) in deferred revenue	<u>(134,167)</u>	<u>(53,464)</u>
Net cash (used in) operating activities	<u>(256,371)</u>	<u>(48,021)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of note payable	<u>245,000</u>	<u>—</u>
 NET (DECREASE) IN CASH	 (11,371)	 (48,021)
 CASH		
Beginning	<u>61,775</u>	<u>109,796</u>
Ending	<u>\$ 50,404</u>	<u>\$ 61,775</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 1,768</u>	<u>\$ 1,186</u>

See Notes to Financial Statements.

**Iowa Association for the Education of Young Children
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Iowa Association for the Education of Young Children is an Iowa nonprofit corporation organized to serve and act on behalf of the needs, right and well being of all young children with primary focus on the promotion of educational and development services and resources for children, families and communities.

Basis of Presentation

As required by the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification, the Organization reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions are those assets that have no donor imposed stipulations. The Association's governing board may earmark portions of its net assets without donor restrictions as board designated for various purposes.

Net assets with donor restrictions represent contributions or other inflows of assets whose use by the Association is limited by donor imposed stipulations. As donor imposed stipulations expire, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

The Association had only net assets without donor restrictions as of June 30, 2020 and 2019.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable consists primarily of amounts due from each of the Iowa Department of Human Services, Iowa Department of Management, and Iowa Department of Public Health. These accounts receivable are based on the billed amount less allowance for uncollectible amounts and allowances are recorded as needed. The Association considers all receivables recorded at June 30, 2020 to be fully collectible, accordingly, no allowance for uncollectible accounts has been recorded.

Revenue

Revenue from TEACH program government grant agreements and each of contract income and WAGE\$ program contract agreements are considered to be subject to conditions that must be met before the Association is entitled to funding. Generally, the terms of the grants and the contracts provide for funding of the Association's operations based on an approved budget. The Association recognizes revenue from grants and contracts when all material barriers have been overcome in order for the Association to be entitled to the funding. Typically, these barriers are overcome when qualifying expenditures have been incurred. In the event funding is received in advance of the Association incurring expenditures, this amount is recorded as deferred revenue on the statements of financial position. Deferred revenue primarily consists of cash received from TEACH program and WAGE\$ program contracts. Also, if expenditures are incurred in advance of funding, they are recorded as receivables on the statements of financial position.

**Iowa Association for the Education of Young Children
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue (continued)

Membership dues consists of amounts received from the National Association for the Education of Young Children, NAEYC, that represent the Association's allocation of the overall membership dues. Revenue is recognized as they are received from NAEYC. In many instances, the membership terms do not coincide with the Association's fiscal year. Performance obligations are satisfied equally over the membership terms.

Conference income is recorded as of the date the conference is held. Performance obligations are satisfied for these revenue streams at a point in time. Payment is generally due in advance of the date of the conference. Payments in advance of the date of the conference are recorded as deferred revenue until the period of performance.

Allocation of Functional Expenses

Expenses have been allocated to program or supporting services based on determinations made by management.

Income Taxes

The Association is exempt from federal income taxes under applicable provisions of the Internal Revenue Code. The Association follows the accounting for uncertainty in income tax requirements as required by the Income Tax Topic of the *FASB Accounting Standards Codification*. Management has evaluated their material tax positions and determined no income tax effects with respect to the financial statements. The Association has not been notified of any impending examinations by tax authorities, and no examinations are in process.

NOTE 2 CONCENTRATION OF RISK

The Association provides significant services throughout the state of Iowa for each of the Iowa Department of Human Services, Iowa Department of Management, and Iowa Department of Public Health. Services provided are primarily under various contracts and grants. Future contracts and grants with each of these Departments are dependent upon appropriations by the Iowa state legislature.

NOTE 3 NOTE PAYABLE

Note payable consists of a line of credit with a bank providing a maximum credit limit of \$245,000, under which \$245,000 was outstanding at June 30, 2020. The agreement carries interest equal to the prime rate, plus 1%, with an interest rate floor of 4.25%. The interest rate at June 30, 2020 was 4.25%. The agreement is secured by virtually all assets of the Association and has a maturity date of April, 2021.

NOTE 4 PENSION PLAN

The Association has a defined contribution simplified employee pension plan. The plan covers all eligible employees. To be eligible to share in the Association's contributions, the employee must be employed for more than sixty days. The Association contributes up to 3% of the wages of eligible employees to the Plan. The Association's matching contribution to the Plan was \$27,316 and \$29,034 for the years ended June 30, 2020 and 2019, respectively.

**Iowa Association for the Education of Young Children
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 LIQUIDITY

The Association monitors its liquidity so that it is able to meet its operating needs while maximizing the investment of its excess cash. The Association's financial assets available within one year of the statements of financial position date for general expenses are as follows:

	June 30	
	<u>2020</u>	<u>2019</u>
Cash	\$ 50,404	\$ 61,775
Accounts receivable	<u>430,727</u>	<u>264,640</u>
Totals	<u>\$ 481,131</u>	<u>\$ 326,415</u>

NOTE 5 SUBSEQUENT EVENTS

The Association has evaluated subsequent events through September 25, 2020, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.

SUPPLEMENTARY INFORMATION

Iowa Association for the Education of Young Children
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

<u>Federal grantor/pass-through grantor/ pass through grant description and identifying number</u>	<u>Federal CFDA number</u>	<u>Agency or pass-through number</u>	<u>Federal expenditures</u>
United States Department of Health and Human Services			
<i>Passed through Iowa Department of Human Services</i>			
Childcare and Development Fund, Discretionary	93.575	ACFS 19-006	\$ 740,754
Child Care and Development Block Grant	93.575	ACFS 17-070	150,000
<i>Passed through Iowa Department of Management</i>			
Preschool Development Grant	93.434	PD-20-TEACH-002	250,000
Preschool Development Grant	93.434	20-IAEYC-PD-02	156,599
Preschool Development Grant	93.434	20-IAEYC-WAGE\$-01	<u>74,260</u>
Total Preschool Development Grant			<u>480,859</u>
<i>Passed through Iowa Department of Public Health</i>			
Health Resources and Services Administration	93.870	5889CH19	46,952
Health Resources and Services Administration	93.870	5880CH19	<u>130,055</u>
Total Health Resources and Services Administration			<u>177,007</u>
Total United States Department of Health and Human Services			<u>1,548,620</u>
Total expenditures of federal awards			<u>\$1,548,620</u>

See Independent Auditor's Report and Notes to Financial Statements and Schedule of Expenditures of Federal Awards.

Iowa Association for the Education of Young Children
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Iowa Association for the Education of Young Children under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, Uniform Guidance. Because the schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Association.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular 122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Association has elected not to use the 10 percent de minimus 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
Iowa Association for the Education of Young Children
Des Moines, Iowa

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 Iowa Association for the Education of Young Children which comprise the statement of financial position as of June 30, 2020, 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 September 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association'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 the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 the Association'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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 25, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Iowa Association for the Education of Young Children
Des Moines, Iowa

Report on Compliance for the Major Federal Program

We have audited Iowa Association for the Education of Young Children's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Association's major federal program for the year ended June 30, 2020. The Association's major federal program is identified in the summary of independent auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with 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 the Association'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 the audit requirements of 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 Association'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 the Association's compliance.

Opinion on the Major Federal Program

In our opinion, the Association 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, 2020.

Report on Internal Control Over Compliance

Management of the Association 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 the Association's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 the Association'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 a 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.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 25, 2020

**Iowa Association for the Education of Young Children
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020**

SECTION I—SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

- (a) An unmodified opinion was issued on the financial statements.
- (b) No material weaknesses or significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

Federal Awards

- (d) No material weaknesses or significant deficiencies in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major federal award program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516(a).
- (g) The major program was as follows:
 - CFDA #93.575 – Childcare & Development Fund, Discretionary.
- (h) The dollar threshold used to distinguish between type A and type B programs was \$750,000.
- (i) Iowa Association for the Education of Young Children qualified as a low-risk auditee.

SECTION II—FINDINGS RELATED TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Internal Control Deficiencies

No matters were noted.

Instances of Noncompliance

No matters were noted.

SECTION III—FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Internal Control Deficiencies

No matters were noted.

Instances of Noncompliance

No matters were noted.