

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

FINANCIAL REPORT

June 30, 2021 and 2020

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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, 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 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, 2021 and 2020, 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 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 24, 2021, 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 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 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 24, 2021

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

	June 30	
ASSETS	2021	2020
Cash	\$ 113,028	\$ 50,404
Accounts receivable	362,892	430,727
Prepaid expenses	11,910	12,139
Website development in process	16,825	—
 Total assets	 \$ 504,655	 \$ 493,270
LIABILITIES AND NET ASSETS		
LIABILITIES		
Line of credit	\$ 100,000	\$ 245,000
Accounts payable and accrued expenses	25,384	—
Accrued employee compensation	105,600	38,754
Deferred revenue	146,782	103,525
Total liabilities	377,766	387,279
 NET ASSETS , without donor restrictions	 126,889	 105,991
 Total liabilities and net assets	 \$ 504,655	 \$ 493,270

See Notes to Financial Statements.

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

	Year ended June 30	
	<u>2021</u>	<u>2020</u>
REVENUES WITHOUT DONOR RESTRICTIONS		
TEACH program		
Iowa Department of Human Services	\$ 762,000	\$ 717,047
Iowa Department of Management	378,512	363,637
Iowa Department of Public Health	259,404	177,007
United Way of Central Iowa	78,000	78,000
Early Childhood Area, Iowa River Valley	-	10,419
Early Childhood Iowa, Polk County	78,345	87,050
Copayments from recipients	<u>52,423</u>	<u>72,154</u>
	1,608,684	1,505,314
WAGE\$ grants and contract revenue	695,680	672,679
Other grants and contract revenue	690,848	818,252
Contributions and public support	55,116	9,476
Conference revenue	18,665	79,315
Membership dues	29,002	23,519
Sponsorship revenue	21,570	13,000
Miscellaneous	<u>28,119</u>	<u>12,908</u>
Total revenues without donor restrictions	<u>3,147,684</u>	<u>3,134,463</u>
EXPENSES		
Program services—education and training	2,709,057	2,650,541
Supporting services—management and general	<u>417,729</u>	<u>451,799</u>
Total expenses	<u>3,126,786</u>	<u>3,102,340</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	20,898	32,123
NET ASSETS		
Beginning	<u>105,991</u>	<u>73,868</u>
Ending	<u>\$ 126,889</u>	<u>\$ 105,991</u>

See Notes to Financial Statements.

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

	<u>Year ended June 30, 2021</u>			<u>Year ended June 30, 2020</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	\$1,002,364	\$ 228,520	\$1,230,884	\$ 903,792	\$ 212,509	\$1,116,301
Payroll taxes	70,439	15,871	86,310	65,758	13,224	78,982
Employee benefits	<u>23,933</u>	<u>5,781</u>	<u>29,714</u>	<u>23,205</u>	<u>4,903</u>	<u>28,108</u>
Total salaries and related benefits	1,096,736	250,172	1,346,908	992,755	230,636	1,223,391
Scholarships						
TEACH program	698,255	1,015	699,270	730,832	-	730,832
WAGE\$ program	486,461	-	486,461	525,384	-	525,384
CDA assessments	59,200	-	59,200	31,929	-	31,929
Other	83,336	-	83,336	9,982	331	10,313
Travel	67,115	4,485	71,600	127,076	12,735	139,811
Continuing education	3,019	1,462	4,481	1,550	2,756	4,306
Rent	4,394	48,336	52,730	-	52,730	52,730
Utilities	-	6,818	6,818	-	7,419	7,419
Supplies	15,567	18,374	33,941	9,525	13,863	23,388
Printing and publications	2,547	3,595	6,142	89,650	1,203	90,853
Payroll processing services	3,016	673	3,689	2,496	568	3,064
Postage	18,471	923	19,394	3,162	299	3,461
Telephone	2,083	4,628	6,711	-	4,107	4,107
Repairs and maintenance	5,868	35,477	41,345	708	26,047	26,755
Minor equipment	23,429	13,367	36,796	32,932	4,102	37,034
Conference costs	2,149	500	2,649	3,437	53,188	56,625
Meetings	35,623	1,098	36,721	30,064	487	30,551
Promotion costs	25,126	1,724	26,850	17,147	1,432	18,579
Professional fees	76,615	20,729	97,344	41,672	29,765	71,437
Insurance	-	1,077	1,077	-	1,448	1,448
Rebates	-	1,253	1,253	240	3,101	3,341
Interest	-	1,602	1,602	-	1,768	1,768
Miscellaneous	<u>47</u>	<u>421</u>	<u>468</u>	<u>-</u>	<u>3,814</u>	<u>3,814</u>
Totals	<u>\$2,709,057</u>	<u>\$ 417,729</u>	<u>\$3,126,786</u>	<u>\$2,650,541</u>	<u>\$ 451,799</u>	<u>\$3,102,340</u>

See Notes to Financial Statements.

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

	Year ended June 30	
	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 20,898	\$ 32,123
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Changes in assets and liabilities		
(Increase) decrease accounts receivable	67,835	(166,087)
(Increase) decrease in prepaid expenses	229	(1,103)
Increase (decrease) in accounts payable and accrued expenses	25,384	(393)
Increase in accrued employee compensation	66,846	13,256
Increase (decrease) in deferred revenue	<u>43,257</u>	<u>(134,167)</u>
Net cash provided by (used in) operating activities	<u>224,449</u>	<u>(256,371)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	<u>(16,825)</u>	<u>—</u>
Net cash (used in) investing activities	<u>(16,825)</u>	<u>—</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from (payments on) line of credit	<u>(145,000)</u>	<u>245,000</u>
Net cash provided by (used in) financing activities	<u>(145,000)</u>	<u>245,000</u>
NET INCREASE (DECREASE) IN CASH	62,624	(11,371)
CASH		
Beginning	<u>50,404</u>	<u>61,775</u>
Ending	\$ <u>113,028</u>	\$ <u>50,404</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	\$ <u>1,602</u>	\$ <u>1,768</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, 2021 and 2020.

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, 2021 to be fully collectible, accordingly, no allowance for uncollectible accounts has been recorded.

Revenue

Public Support

Generally, revenue from grants and contracts, including the Association's TEACH and WAGE\$ program contracts, 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 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 and WAGE\$ program contracts. 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)

Fees for Service

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 estimates of time and effort made by management.

Website Development in Process

Website development consists of costs incurred on the development of a new Association website. Once it is placed in service, it will be amortized over a three year useful life.

Income Taxes

The Association is exempt from income taxes under Section 501(a) of the Internal Revenue Code as a nonprofit corporation as described in Section 501(c)(3).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability (or asset) for an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Code. Management has evaluated their material tax positions and determined there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Association is subject to routine audits by tax authorities; however, there are currently no audits for any tax period in progress. Management believes the Association is no longer subject to income tax examinations for tax years prior to 2017.

NOTE 2 CONCENTRATION OF RISK

The Association receives a significant portion of its annual revenue from contracts and grants with the Iowa Department of Human Services, Iowa Department of Management, and Iowa Department of Public Health. Future contracts and grants with each of these Departments are dependent upon appropriations by the Iowa state legislature.

NOTE 3 LINE OF CREDIT

The Association has entered into a line of credit with a bank providing a maximum credit limit of \$600,000, under which \$100,000 was outstanding at June 30, 2021. 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, 2021 was 4.25%. The agreement is secured by virtually all assets of the Association and has a maturity date of April, 2022.

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

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 \$29,342 and \$27,316 for the years ended June 30, 2021 and 2020, respectively.

NOTE 5 LIQUIDITY AND AVAILABILITY

The Association monitors its liquidity in order 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:

	<u>June 30</u>	
	<u>2021</u>	<u>2020</u>
Cash	\$ 113,028	\$ 50,404
Accounts receivable	<u>362,892</u>	<u>430,727</u>
Totals	<u>\$ 475,920</u>	<u>\$ 481,131</u>

NOTE 6 SUBSEQUENT EVENTS

The Association has evaluated subsequent events through September 24, 2021, 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, 2021**

<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>			
Child Care and Development Block Grant – TEACH scholarships	93.575	ACFS 19-006	\$ 762,000
Child Care and Development Block Grant – WAGES	93.575	ACFS 17-070	<u>200,000</u>
Total Child Care and Development Block Grant			<u>962,000</u>
<i>Passed through Iowa Department of Management</i>			
Preschool Development Grant – Early childhood professional development	93.434	21-IAEYC-PD-03	<u>4,000</u>
<i>Passed through Iowa Department of Public Health</i>			
Maternal, Infant and Early Childhood Home Visiting Grant – TEACH scholarships	93.870	5880CH19	<u>259,404</u>
Total United States Department of Health and Human Services			<u>1,225,404</u>
United States Department of Agriculture			
<i>Direct Award</i>			
Farm to School Grant Program	10.575		<u>19,461</u>
Total expenditures of federal awards			<u>\$1,244,865</u>

See Accompanying Independent Auditor's Report.

Iowa Association for the Education of Young Children
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

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, 2021. 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.

NOTE 3 INDIRECT COST RATE

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, 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 September 24, 2021.

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 24, 2021



**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, 2021. The Association's major federal program is identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2021.

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 24, 2021

**Iowa Association for the Education of Young Children
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2021**

SECTION I—SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

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

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

Identification of major federal programs: **CFDA Number 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? Yes No