AUDITED FINANCIAL STATEMENTS

NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN

For the year ended August 31, 2014
with summarized financial
information for the year ended August 31, 2013

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Governing Board
National Association for the Education of Young Children
Washington, DC

Report on the Financial Statements
We have audited the accompanying financial statements of the National Association for the Education of Young Children, which comprise the statement of financial position as of August 31, 2014, and the related statements of activities 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. 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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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Association for the Education of Young Children as of August 31, 2014, 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.

Report on Summarized Comparative Information

We have previously audited the National Association for the Education of Young Children's August 31, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 31, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

HeimLantz, PC
Alexandria, VA

January 12, 2015

NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED AUGUST 31, 2013

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	$ 4,340,326	$ 6,059,180
Investments	11,484,500	8,718,021
Accounts and other receivables, net of allowance for doubtful accounts of $194,636 and $251,405, in 2014 and 2013, respectively	597,398	729,470
Grants receivable	405,504	145,000
Inventory	663,713	695,417
Prepaid expenses and other current assets	393,446	569,740
Total current assets	17,884,887	16,916,828
Non-Current Assets		
Property and equipment, net of accumulated depreciation and amortization of $7,751,887 and $7,006,100 in 2014 and 2013, respectively	19,953,808	19,883,361
Deferred lease asset	195,768	141,522
	20,149,576	20,024,883
TOTAL ASSETS	$ 38,034,463	$ 36,941,711
LIABILITIES AND NET ASSETS		
Current Liabilities		
Bonds payable, current portion	$ 330,000	$ 320,000
Accounts payable and accrued expenses	844,374	1,215,984
Accrued annual leave	679,682	573,001
Deferred revenue:		
Membership dues	1,414,560	1,665,796
Accreditation fees	316,975	220,573
Conference	1,058,191	974,967
Other	110,240	197,417
Due to affiliates	261,096	184,408
Refundable advances	424,426	592,991
Total current liabilities	5,439,544	5,945,137
Long-Term Liabilities		
Bonds payable, net of current portion	12,760,000	13,090,000
Interest rate swap obligation	3,812,235	3,400,141
Deposits payable	56,277	56,277
Total long-term liabilities	16,628,512	16,546,418
Total liabilities	22,068,056	22,491,555
Net Assets		
Unrestricted	14,061,160	13,096,270
Temporarily restricted	1,905,247	1,353,886
Total net assets	15,966,407	14,450,156
TOTAL LIABILITIES AND NET ASSETS	$ 38,034,463	$ 36,941,711

See accompanying notes to financial statements

NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED AUGUST 31, 2013

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Grants	$ -	$ 775,851	$ 775,851	$ 326,366
Fees:				
Membership	1,467,167	-	1,467,167	1,337,859
Accreditation	6,645,211	-	6,645,211	5,779,170
Conferences and Seminars	4,666,181	-	4,666,181	4,681,173
Publications	5,342,405	-	5,342,405	5,310,517
Contracts and Consulting	880,564	-	880,564	382,909
Other income	459,170	-	459,170	306,265
Rental income	1,105,254	-	1,105,254	1,131,617
Income on investments	141,288	-	141,288	100,979
Contributed Services	118,919	-	118,919	-
Net assets released from restrictions				
satisfaction of donor-imposed restrictions	224,490	(224,490)	-	-
Total revenue	21,050,649	551,361	21,602,010	19,356,855
EXPENSES				
Program Services:				
Accreditation	4,670,376	-	4,670,376	4,555,856
Office of the Executive Director	1,069,784	-	1,069,784	1,035,579
Governing Board/Nom. Panel/YCI	304,507	-	304,507	251,703
Affiliates	339,880	-	339,880	351,359
Contracts and Consulting	628,516	-	628,516	405,247
Professional Development	542,173	-	542,173	575,791
Publications and Journal	2,777,995	-	2,777,995	2,909,888
Membership	500,573	-	500,573	557,586
Conferences and Seminars	2,070,523	-	2,070,523	1,930,033
Public Advocacy/Public Information	339,900	-	339,900	383,213
Program Support Services	857,250	-	857,250	744,582
Total program services	14,101,477	-	14,101,477	13,700,837
Supporting Services:				
Finance	848,003	-	848,003	822,588
Human Resources	205,067	-	205,067	193,093
Marketing and Communications	544,368		544,368	501,248
Information Technology	882,497	-	882,497	901,625
Building Operations	2,430,767	-	2,430,767	2,403,937
General and Administrative	661,485	-	661,485	613,826
Total supporting services	5,572,187	-	5,572,187	5,436,317
Total expenses	19,673,664	-	19,673,664	19,137,154
Change in net assets before other items	1,376,985	551,361	1,928,346	219,701
OTHER ITEMS				
Unrealized gain/(loss) on interest rate swap (Not	(412,095)	-	(412,095)	1,857,099
Reversal of liability	-		-	268,734
	(412,095)	-	(412,095)	2,125,833
CHANGE IN NET ASSETS	964,890	551,361	1,516,251	2,345,534
Net assets, beginning of year	13,096,270	1,353,886	14,450,156	12,104,622
NET ASSETS, END OF YEAR	$ 14,061,160	$ 1,905,247	$ 15,966,407	$ 14,450,156

See accompanying notes to financial statements

NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED AUGUST 31, 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,516,251	$ 2,345,534
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	795,577	694,453
Unrealized loss (gain) on investments	(89,918)	(29,996)
Realized loss (gain) on sale of investments	-	8,613
Bad debt expense (recovery)	63,757	(69)
(Gain)/loss on interest rate swap obligation	412,095	(1,857,099)
(Increase) decrease in:		
Accounts and other receivables	132,072	(14,979)
Grants receivable	(260,504)	(145,000)
Inventory	31,704	129,153
Prepaid expenses and other current assets	176,294	47,905
Deferred lease asset	(54,246)	(13,367)
Increase (decrease) in:		
Accounts payable and accrued expenses	(371,610)	200,559
Accrued annual leave	106,681	(6,759)
Deferred revenue	(158,787)	(67,941)
Due to affiliates	76,688	(24,381)
Refundable advance	(168,565)	84,980
Net cash provided (used) by operating activities	2,207,489	1,351,606
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(866,025)	(767,016)
Net (purchase) sale of investments	(2,740,318)	(2,219,819)
Net cash provided (used) by investing activities	(3,606,343)	(2,986,835)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on bonds payable	(320,000)	(300,000)
Net cash used by financing activities	(320,000)	(300,000)
Net increase (decrease) in cash and cash equivalents	(1,718,854)	(1,935,229)
Cash and cash equivalents at beginning of year	6,059,180	7,994,409
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,340,326	$ 6,059,180

SUPPLEMENTAL INFORMATION

	2014	2013
Interest paid	752,774	770,517
Income taxes paid	$ -	$ -

See accompanying notes to financial statements

NOTE 1 - ORGANIZATION

The National Association for the Education of Young Children (NAEYC) is a membership organization, founded in 1926. NAEYC offers professional development opportunities to early childhood educators, which are designed to improve the quality of services to children, from birth to age eight, the critical years of development.

NAEYC also accredits early childhood facilities throughout the United States. The principal sources of revenue are membership dues, publications sales, conferences and accreditation fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of presentation –

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958, *Not-For-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NAEYC's financial statements for the year ended August 31, 2014, from which the summarized information was derived. Some prior year information may have been restated for comparability with the current year.

Cash and cash equivalents –

NAEYC considers all cash and other highly liquid investments with initial maturities of three months or less to be cash and cash equivalents. NAEYC often maintains cash and investment balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. Amounts in excess of insurance limits are typically invested in either government securities or government service enterprises (GSEs) fixed income securities. Management believes the financial risk in these situations to be minimal.

Investments –

Investments consist of mutual funds and related investments, certificates of deposit, U.S. Government obligations, and money market securities. Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in income on investments in the accompanying Statement of Activities and Change in Net Assets.

Accounts receivable –

Accounts receivable are shown at their estimated net realizable value. Customer account balances with invoices dated over 30 days old are considered past due. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer. Receivables are written off as a charge to the allowance for doubtful accounts when, in management's estimation, it is probable that the receivable is worthless.

Grants receivable –

Grants receivable are shown at their estimated net realizable value.

Inventory –

Inventory consists primarily of publications and is valued using the first-in, first-out method, at the lower of market or out-of-house printing cost. The value in excess of five years of sales is fully reserved for any item which has been in stock for more than two years.

Property and equipment –

Property and equipment are stated at cost and are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to thirty years. All property and equipment purchases over $2,500 with an estimated useful life of at least 2 years are capitalized. The cost of maintenance and repairs is expensed as incurred.

Income taxes –

NAEYC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Income taxes are paid on activities unrelated to NAEYC's exempt function. There were no income taxes for unrelated business income for the year ended August 31, 2014. NAEYC is not a private foundation.

Uncertain tax positions –

In June 2006, the Financial Accounting Standards Board (FASB) released Financial Accounting Standard FAS ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended August 31, 2014, NAEYC has documented its consideration of FAS ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Deferred revenue –

Deferred revenue consists primarily of membership dues, accreditation fees, conference fees, exhibit fees, and contract fees collected in advance. Membership dues are recorded as deferred revenue upon receipt and are recognized as revenue ratably over the period to which the dues relate. Accreditation, conference and exhibit fees are recorded as deferred revenue and are recognized as revenue in the period in which the accreditation or conference occurs.

Net asset classification –

The net assets of NAEYC are reported in two groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operations of NAEYC and include both internally designated and undesignated resources.

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by actions of NAEYC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

NAEYC has no permanently restricted net assets.

Grants –

Grants are recorded as temporarily restricted revenue in the year of award by the donor. Grants are transferred to unrestricted net assets to the extent of actual expenses incurred in compliance with the donor-imposed restrictions. Grants revenue in excess of expenses incurred is shown as temporarily restricted net assets in the accompanying financial statements.

Use of estimates –

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

Contributed Professional Services –

Contributed services, which require a specialized skill and which NAEYC would have paid for if not donated, are recorded at their estimated fair value as of the date of the donation.

Functional allocation of expenses –

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

Risks and uncertainties –

NAEYC invests in various investment securities. Investment securities are exposed to various financial risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurements –

NAEYC adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures.* FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) and enhances disclosure requirements for fair value measurements. NAEYC accounts for all of its financial instruments at fair value or considers fair value in their measurement.

NOTE 3 - INVESTMENTS

Investments are stated at their readily determinable fair value at August 31, 2014, and are comprised of the following:

Certificates of deposit	$ 7,447,010
Mutual funds and related investments	4,037,490
TOTAL INVESTMENTS	$ 11,484,500

Income on investments consisted of the following at August 31, 2014:

Interest and dividend income	$ 51,370
Unrealized market value gain on investments	89,918
TOTAL INCOME ON INVESTMENTS	$ 141,288

For the year ended August 31, 2014, investment expense not included in the purchase price of fixed income securities was $39,138.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31, 2014:

Land	$ 8,829,620
Buildings and improvements	13,794,691
Furniture and equipment	1,051,171
Computer equipment and software	3,026,972
Tenant improvements	170,221
Work-in progress	833,020
	27,705,695
Less: Accumulated depreciation and amortization	(7,751,887)
Property and Equipment, Net	$ 19,953,808

Depreciation and amortization expense for the year ended August 31, 2014 was $795,577.

NOTE 5 - BONDS PAYABLE

On March 1, 2006, the District of Columbia issued $15,000,000 of variable rate bonds (Variable Rate Revenue Bonds Series 2006), the proceeds of which were used to purchase property at 1307 through 1313 L Street, NW, Washington, DC. The bonds will mature April 1, 2036. Principal payments are made in April and October of each year until paid in full. The bonds are secured by the property located at 1313 L Street, NW, Washington, DC.

On November 10, 2011, NAEYC entered into an agreement with the District of Columbia government and the trustee of the bonds, Wells Fargo Bank, to refinance the bonds in order to reduce costs. Interest is paid monthly. The bonds' maturity period remains unchanged.

The monthly interest rate, which is variable, is calculated at 65.7% of one month LIBOR plus a spread of 1.28%. To mitigate the effect of fluctuations in interest rates, NAEYC has hedged these bonds using the interest rate swap agreement described in Note 6, effectively locking into a fixed rate of approximately 5.7%.

The bond agreements, among other provisions, require NAEYC to meet the following financial ratio test:

- NAEYC must maintain cash and liquid investments with an aggregate value of the lesser of $10,000,000 or 65% of the remaining principal balance of the loan plus one year of principal and interest. NAEYC must also present financial reports to Wells Fargo Bank, N.A. for the first three fiscal quarters of each year, as well as a yearly annual report audited by an independent audit firm.

- As of August 31, 2014, the outstanding principal balance of the bond loan is $13,090,000. NAEYC has a cash reserve in the amount of $12,924,834 which exceeds the $10,000,000 that is required to meet the financial ratio test. This reserve consists of cash and highly liquid investments, less deferred revenue.

Principal payments are due as follows:

Year Ending August 31	
2015	$ 330,000
2016	350,000
2017	370,000
2018	380,000
2019	410,000
Thereafter	11,250,000
	13,090,000
Less: Current portion	330,000
LONG-TERM PORTION	$ 12,760,000

NOTE 6 - INTEREST RATE SWAP

On September 14, 2006, NAEYC entered into an interest rate swap agreement to fix its outstanding variable rate bonds (SEE NOTE 5) at a synthetic fixed rate of approximately 4.395%. Interest on the swap is due monthly. The bonds and the related swap agreement will mature on April 1, 2036. Under the swap agreement, NAEYC pays Wells Fargo Bank, N.A. a fixed rate of 4.395%. On the first of each month, the LIBOR interest rate is determined, and NAEYC then pays Wells Fargo Bank the variance of 67% of the LIBOR rate and NAEYC’s fixed rate at 4.395%. In the event the LIBOR rate exceeds the NAEYC fixed rate of 4.395%, Wells Fargo Bank pays the variance to NAEYC. During the fiscal year, the 30-day LIBOR rate ranged from 0.1504% to 0.1806%. The 30-day LIBOR rate at August 31, 2014 was 0.156%.

Should NAEYC terminate the swap prior to maturity, NAEYC will either receive or pay a termination payment. This payment is equal to the fair value of the swap at the time the swap is terminated.

As of August 31, 2014, the swap notional amount was $13,090,000. The swap had a negative fair value of $3,812,235, which is included in the accompanying Statement of Financial Position. The swap valuation was determined by a Wells Fargo proprietary model which serves as a proxy for the market price required to be paid in order to terminate the swap as of the balance sheet date.

The combined effect of the interest rate swap and the bonds payable mentioned in Note 5 effectively provides the organization with an interest rate of approximately 5.7% for the obligations on the building.

NOTE 7 - UNRESTRICTED NET ASSETS

As of August 31, 2014, unrestricted net assets have been designated by the Board of Directors for the following purposes:

Emergency reserve	$ 6,835,110
Outstanding payables	1,524,056
Encumbered reserve	89,370
Building reserve	1,000,000
Research & Development	1,708,777
Discretionary	611,577
Miscellaneous	2,292,270
TOTAL UNRESTRICTED NET ASSETS	$ 14,061,160

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

As of August 31, 2014, temporarily restricted net assets consisted of the following:

Office of the Executive Director	$ 158,807
Membership	997,163
Accreditation	749,277
TOTAL TEMPORARILY RESTRICTED NET ASSETS	$ 1,905,247

The following is a summary of net assets released from restrictions by satisfying restrictions imposed by donors:

Office of the Executive Director	$ 187,767
Membership	36,000
Accreditation	723
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	$ 224,490

NOTE 9 - PENSION COST

NAEYC has a defined contribution plan that covers all employees that meet the Plan's eligibility requirements. Under the plan, staff members may purchase tax deferred annuities through salary reduction agreements as provided for by Section 403(b) of the Internal Revenue Code. The provision for pension expenses for the year ended August 31, 2014 was $290,819.

NOTE 10 - RENTAL INCOME

NAEYC has entered into several operating lease agreements with tenants to occupy excess space in NAEYC's headquarters building. Rental income for the year ended August 31, 2014 was $1,105,254. Future minimum rental receipts from these tenants over the next five years are as follows:

Year Ending August 31,	
2015	$ 1,011,922
2016	1,023,293
2017	785,098
2018	241,914
2019	121,602
Total	$ 3,183,829

NOTE 11 - FAIR VALUE MEASUREMENTS OF INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures,* NAEYC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial instruments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are financial instruments where values are based on unadjusted quoted prices for an identical asset in an active market NAEYC has the ability to access.

Level 2. These are financial instruments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the financial instruments.

Level 3. These are financial instruments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the financial instruments. These financial instruments include non-readily marketable securities that do not have an active market.
Financial instruments recorded in the Statement of Financial Position are categorized based on the inputs to the valuation technique as follows at August 31, 2014:

	Level 1	Level 2	Level 3	Total
Financial Assets:				
Investments	$ 3,956,793	$ 7,527,707	$ -	$11,484,500
Total Financial Assets	**$ 3,956,793**	**$ 7,527,707**	**$ -**	**$11,484,500**

	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Interest Rate Swap Obligation	$ -	$ -	$ 3,812,235	$ 3,812,235
Total Financial Liabilities	**$ -**	**$ -**	**$ 3,812,235**	**$ 3,812,235**

NOTE 12 - CONTINGENCIES

NAEYC is subject to legal actions arising in the ordinary course of its business. In management's opinion, NAEYC has adequate legal defenses and/or insurance coverage with respect to the eventuality of such actions. Management does not believe any settlement or judgment would materially affect NAEYC's financial position or results of operations for the year ended August 31, 2014.

NOTE 13 - SUBSEQUENT EVENTS

In preparing these financial statements, NAEYC has evaluated events and transactions for potential recognition or disclosure through January 12, 2015 the date the financial statements were available to be issued, and no events or transactions were noted that would materially impact the financial statements.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Governing Board
National Association for the Education of Young Children
Washington, D.C.

We have audited the financial statements of the National Association for the Education of Young Children as of and for the year ended August 31, 2014, and have issued our report thereon dated December 31, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Schedule of Functional Expenses 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 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.

HeimLantz

HeimLantz, PC
January 12, 2015

NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013

	2014										
	Program Services										
	Accreditation	Office of the Executive Director	Governing Board/Nom. Panel/YCI	Affiliates	Contracts and Consulting	Professional Development	Publications and Journal	Membership	Conferences and Seminars	Public Advocacy/ Public Information	Program Support Services
Personnel	2,025,652	939,403	118,195	216,528	401,663	406,334	1,306,038	215,179	472,955	223,357	319,572
Consultants & Contractors	1,356,896	27,933	35,853	14,725	80,057	11,579	79,564	4,944	35,052	66,176	10,530
Creative services	-	-	-	-	-	-	-	-	-	-	1
Utilities	4,519	1,150	216	4,773	772	2,242	74	-	43,215	1,499	3,880
Meeting facilities & services	42,691	55,568	22,211	37,936	43,430	18,591	6,898	-	1,097,423	24,771	2,852
Professional services	333	566	-	-	-	15,628	1,460	-	-	-	-
Insurance	-	-	-	-	2,650	-	-	-	13,557	-	-
Depreciation and amortization	60,992	-	-	-	-	64,255	13,801	1,396	-	-	64,973
Travel	997,667	36,481	121,721	56,918	84,506	4,003	12,047	29	77,510	3,552	1,512
Postage & Delivery	13,916	646	4,290	441	268	35	158,303	31,950	15,473	500	317,151
Equipment & Technology	3,890	219	-	380	643	2,730	7,432	4,500	1,723	380	12,040
Office supplies & services	1,962	1,022	854	402	1,191	2,424	2,037	-	678	744	45,233
Dues & subscriptions	20,293	1,691	-	868	-	497	3,084	39	360	18,210	329
Printing & production	36,201	272	967	497	52	12,974	1,167,396	47,189	149,022	530	2,282
Bad debt expense	24,493	-	-	4,713	187	-	(4,900)	-	12,359	-	29,455
Financing	-	-	-	-	-	-	-	-	-	-	-
Real estate taxes	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	80,871	4,833	200	1,699	13,097	881	24,761	195,347	151,196	181	47,440
Subtotal	4,670,376	1,069,784	304,507	339,880	628,516	542,173	2,777,995	500,573	2,070,523	339,900	857,250
General and administrative allocation	448,453	188,569	26,065	47,522	84,899	90,378	291,204	47,202	103,740	66,770	64,890
Other indirect costs allocation	657,097	258,627	38,396	70,003	128,527	133,133	422,891	69,532	152,816	98,358	101,662
TOTAL	5,775,926	$ 1,516,980	$ 368,968	$ 457,405	$ 841,942	$ 765,684	$ 3,492,090	$ 617,307	$ 2,327,079	$ 505,028	$ 1,023,802

NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013

	2014							2013
	Finance	Human Resources	Marketing and Communications	Information Technology	Building Operations	General and Administrative	Total Expenses	Total Expenses
Personnel	709,889	171,077	223,918	338,272	317,737	166,725	$ 8,572,494	$ 8,371,047
Consultants & Contractors	21,123	5,885	137,571	250,162	1,550	400	2,140,000	1,922,572
Creative services	-	-	-	-	-	-	1	1
Utilities	10	-	330	75,867	253,201	1,977	393,725	442,229
Meeting facilities & services	-	171	8,352	204	5,125	-	1,366,223	1,209,893
Professional services	50,000	-	-	-	5,276	175,164	248,427	136,091
Insurance	-	-	-	-	47,887	99,441	163,535	218,013
Depreciation and amortization	-	-	-	130,522	421,989	37,649	795,577	694,453
Travel	-	2,095	6,932	2,078	-	4	1,407,055	1,364,631
Postage & Delivery	1,252	320	30,525	388	2	1,273	576,733	590,955
Equipment & Technology	3,539	1,970	6,361	80,752	205,702	44,218	376,479	193,629
Office supplies & services	962	-	193	4,657	20,865	68,999	152,223	151,245
Dues & subscriptions	1,558	185	1,843	-	-	8,648	57,605	64,694
Printing & production	-	145	74,783	-	-	44,267	1,536,577	1,603,992
Bad debt expense	-	-	(2,250)	-	(300)	-	63,757	(69)
Financing	750	-	-	-	752,849	10,964	764,563	991,545
Real estate taxes	-	-	-	-	393,925	-	393,925	394,537
Miscellaneous	58,920	23,219	55,810	(405)	4,959	1,756	664,765	787,696
Subtotal	848,003	205,067	544,368	882,497	2,430,767	661,485	19,673,664	19,137,154
General and administrative allocation	156,040	37,250	49,023	74,395	(1,114,855)	(661,545)	-	-
Other indirect costs allocation	(1,004,043)	(242,317)	72,210	(956,892)	-	-	-	-
TOTAL	$ -	$ -	$ 665,601	$ -	$ 1,315,912	$ (60)	$ 19,673,664	$ 19,137,154