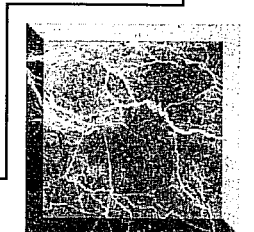


GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

FINANCIAL STATEMENTS

JUNE 30, 2009

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT



GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

TABLE OF CONTENTS

JUNE 30, 2009

	<u>PAGE</u>
Independent Auditor's Report	1
Financial Statements:	
Statement Of Financial Position	3
Statement Of Activities	4
Statement Of Functional Expenses.....	5
Statement Of Cash Flows	6
Notes To The Financial Statements	7
Compliance And Internal Control Report:	
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>	12
Supplementary Information:	
Schedule Of State Awards Expended	14

MARTIN, HARPS, SYPHOE & Co.
CERTIFIED PUBLIC ACCOUNTANTS

167 TRINITY AVENUE
ATLANTA, GEORGIA 30303
(404) 525-3508
FAX (404) 521-3428

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.:

We have audited the accompanying statement of financial position of Georgia Association on Young Children, Inc. (the "Organization") as of June 30, 2009 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and, in our report dated December 2, 2008, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia Association on Young Children, Inc. as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 1, 2009 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis as required by the Georgia Department of Audits and Accounts, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Martin, Hayes, Apple & Co.

Atlanta, Georgia
October 1, 2009

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

(With Comparative Totals for 2008)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 29,317	\$ 84,088
Grants receivable (Note 3)	7,287	4,103
Other receivables	5,572	1,992
Prepaid assets	16,621	17,269
Property and equipment, net (Note 4)	3,664	3,535
TOTAL ASSETS	<u>\$ 62,461</u>	<u>\$ 110,987</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 6,668	\$ 4,351
Funds held in trust	-	21,761
Deferred revenue	14,578	19,936
TOTAL LIABILITIES	<u>21,246</u>	<u>46,048</u>
NET ASSETS		
Unrestricted	41,215	64,939
TOTAL NET ASSETS	<u>41,215</u>	<u>64,939</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 62,461</u>	<u>\$ 110,987</u>

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

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

(With Comparative Totals for 2008)

	<u>2009</u>	<u>2008</u>
PUBLIC SUPPORT AND REVENUE		
Public support -		
Contributions	\$ 44,152	\$ 51,516
Other support - in kind	2,800	-
Foundation grants	23,500	-
Government grants	135,801	197,622
TOTAL PUBLIC SUPPORT	<u>206,253</u>	<u>249,138</u>
Revenue -		
Membership fees	21,942	22,303
Conference fees	158,740	174,221
Training fees	74,203	53,385
Investment income	1,952	263
Other income	10,933	11,104
TOTAL REVENUE	<u>267,770</u>	<u>261,276</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>474,023</u>	<u>510,414</u>
EXPENSES		
Program services	415,887	422,467
Supporting services	81,860	78,341
TOTAL EXPENSES	<u>497,747</u>	<u>500,808</u>
CHANGE IN NET ASSETS	(23,724)	9,606
NET ASSETS, BEGINNING OF YEAR	64,939	55,333
NET ASSETS, END OF YEAR	<u>\$ 41,215</u>	<u>\$ 64,939</u>

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

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

(With Comparative Totals for 2008)

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Totals</u>	
			<u>2009</u>	<u>2008</u>
Personnel costs	\$ 122,324	\$ 50,182	\$ 172,506	\$ 198,344
Employee benefits	14,755	6,738	21,493	31,995
Client services	33,963	-	33,963	25,004
Consultants and professional fees	83,313	3,229	86,542	61,880
Occupancy	11,068	2,132	13,200	13,200
Telephone	9,478	2,469	11,947	11,132
Travel	13,428	6,693	20,121	25,259
Books/sales material	5,483	-	5,483	4,022
Conferences and meetings	79,213	1,655	80,868	77,382
Office expense	14,958	2,866	17,824	21,663
Printing	19,289	3,221	22,510	20,208
Depreciation	-	1,024	1,024	1,036
In kind expense	2,800	-	2,800	-
Other expenses	5,815	1,651	7,466	9,683
TOTAL EXPENSES	\$ 415,887	\$ 81,860	\$ 497,747	\$ 500,808

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

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009

(With Comparative Totals for 2008)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (23,724)	\$ 9,606
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,024	1,036
(Increase) decrease in grants receivable	(3,184)	6,043
(Increase) decrease in other receivables	(3,580)	(347)
Decrease (increase) in prepaid expenses	648	(1,397)
Increase (decrease) in accounts payable and accrued expenses	2,317	(20,620)
(Decrease) increase in refundable advances	(21,761)	(11,020)
(Decrease) increase in deferred income	(5,358)	(1,062)
NET CASH USED BY OPERATING ACTIVITIES	<u>(53,618)</u>	<u>(17,761)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,153)	(2,740)
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,153)</u>	<u>(2,740)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(54,771)	(20,501)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	84,088	104,589
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 29,317</u>	<u>\$ 84,088</u>

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

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

A. Organization

Georgia Association on Young Children, Inc. (the "Organization"), is a private non-profit organization incorporated in the state of Georgia. GAYC is dedicated to improving the education and the growth and development of young children. The Organization strives to provide opportunities for the membership to enhance their experiences and to coordinate the efforts of the membership with the efforts of others in promoting the general welfare of Georgia's young children. Funding from federal pass-through grants totaled approximately 29% of total revenue for the year ended June 30, 2009.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred.

C. Basis of Presentation

The Organization adheres to the standards for financial reporting set forth by the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "*Financial Statements of Not-for-Profit Organizations*," and adheres to the provisions of Statement of Financial Accounting Standards No. 116, "*Accounting for Contributions Received and Contributions Made*."

Under these financial reporting standards, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified as unrestricted. There were no temporarily or permanently restricted net assets.

Unrestricted net assets include amounts that are not subject to donor-imposed stipulations, which are used to account for resources available to carry out the purposes of the Organization in accordance with the limitations of its charter and bylaws.

Revenues from sources other than contributions are reported as increases in unrestricted net assets. Contributions are reported as increases in the appropriate net asset category. Contributions of assets other than cash and cash equivalents are recorded at their estimated fair value at the date of the gift as determined by independent appraisal or other valuation methods as deemed appropriate by management.

Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors. Expenses are reported as decreases in unrestricted net assets.

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

D. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

E. Estimates

Preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the support is recognized.

G. Donated Materials and Services

Contributions of noncash assets are recorded at their fair market values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

H. Grant Revenue

The Organization receives substantially all of its grant revenue from federal, state, and private organizations. These grants are considered to be exchange transactions. Georgia Association on Young Children, Inc. recognizes grant revenue to the extent of related expenses incurred in compliance with the grant provisions. Grant funds received which are unexpended at year end are reported on the statements of financial position as refundable advances.

I. Fixed Assets

Property and equipment are stated at historical cost. Depreciation is computed over the estimated useful lives of the applicable assets category using the straight-line method.

J. Deferred Revenue

Income from conference fees and professional seminars is deferred and recognized in the period to which the fees relate.

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

K. Membership Dues

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

L. Functional Expense Allocations

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

M. Income Tax Status

The Organization has qualified as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code. Under this section, the Organization is not subject to federal or state income taxes, and accordingly, no provision or accrual for income taxes has been reflected in the accompanying financial statements.

N. Other Receivables

Other receivables are due from individuals and organizations for sales of books and professional development seminars and training. Other receivables are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that have not been collected by the time the financial statements are issued. The amount reported on the statement of financial position is considered fully collectible. Therefore, no provision for bad debts was made.

2. CONCENTRATION OF CREDIT RISK

- a) The Organization maintains cash deposits with a local bank. The cash balance held by the bank at June 30, 2009 was \$56,593 as follows:

Amount insured by FDIC	\$ 56,593
Amount uninsured by FDIC	-
	<u>\$ 56,593</u>

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

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

3. GRANTS RECEIVABLE

As of June 30, 2009, grants receivable consist of amounts due from the following governmental sources. The Organization expects to collect the outstanding balance in less than one year. Differences between the amount recorded and collected have historically been insignificant. Accordingly, no provisions are made for uncollectible amounts.

Georgia Department of Early Care And Learning	<u>\$ 7,287</u>
---	-----------------

4. FIXED ASSETS

Major classes of fixed assets consist of the following at June 30, 2009:

Office equipment	\$ 12,070
Office furniture and fixtures	<u>1,034</u>
Subtotal	13,104
Less: accumulated depreciation	<u>(9,440)</u>
Net fixed assets	<u>\$ 3,664</u>

5. COMMITMENTS

The Organization operates from a leased facility under a month-to-month operating lease commencing January 2, 2006. The lease may be canceled with a 3-month advance notice. The agreement requires an annual base rent of \$13,200 payable in monthly payments. As of June 30, 2009, the monthly lease payment was \$1,100.

6. CONTINGENCIES

The Organization has received grants, which require the fulfillment of certain conditions as set forth in the instrument of the grant. The failure to fulfill the conditions could result in the return of the funds to the grantors. Although the return of funds is a possibility, the Board of Directors deems the contingency unlikely, since upon accepting the grants, the Organization has agreed to comply with the provisions thereof.

7. RETIREMENT PLAN

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

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

COMPLIANCE AND INTERNAL CONTROL REPORT

MARTIN, HARPS, SYPHOE & Co.
CERTIFIED PUBLIC ACCOUNTANTS

167 TRINITY AVENUE
ATLANTA, GEORGIA 30303
(404) 525-3508
FAX (404) 521-3428

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

To the Board of Directors of
GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.:

We have audited the financial statements of Georgia Association on Young Children, Inc. (the "Organization") as of and for the year ended June 30, 2009, and have issued our report thereon dated October 1, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Martin, Haaps, Syploe + Co.

Atlanta, Georgia
October 1, 2009

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

SUPPLEMENTARY INFORMATION

GEORGIA ASSOCIATION ON YOUNG CHILDREN, INC.

SCHEDULE OF STATE AWARDS EXPENDED

FOR THE YEAR ENDED JUNE 30, 2009

<u>State Program Name</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Contract Award</u>	<u>Grant Period</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Amount Due (To)/From State</u>
<u>U.S. Department of Health and Human Services</u>							
<u>Passed through Bright From the Start/</u>							
<u>Georgia Dept. of Early Care and Learning</u>	93.575	607RFP0099 (Amendment 1)	\$ 123,667	6/1/07 - 5/31/09	\$ 123,667	\$ 123,667	\$ -
	93.575	607RFP0099 (Amendment 2)	30,000	6/1/07 - 8/31/09	-	7,287	7,287
<u>U.S. Department of Education</u>							
<u>Passed through Georgia Department of Education</u>	84.048	09-414232-09964	14,000	11/8/08 - 6/09/09	8,950	8,950	-
<u>Total</u>					<u>\$ 132,617</u>	<u>\$ 139,904</u>	<u>\$ 7,287</u>