

***Oklahoma Association for the Education of Young  
Children***

***Edmond, Oklahoma***

***REPORT ON AUDIT OF FINANCIAL STATEMENTS***

***For the Year Ended December 31, 2021***

***SAUNDERS & ASSOCIATES, PLLC***

***Certified Public Accountants***

***630 East 17<sup>th</sup> Street  
P. O. Box 1406  
Ada, Oklahoma 74820  
(580) 332-8548  
FAX: (580) 332-2272***

OKLAHOMA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
Edmond, Oklahoma

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

For the Year Ended December 31, 2021

|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | <u>Total</u>          |
|---|----------------------------------|-------------------------------|-----------------------|
| <u>REVENUE AND OTHER SUPPORT</u>        |                                  |                               |                       |
| Memberships                             | \$ 15,553                        | \$ 0                          | \$ 15,553             |
| Conference Registrations and Exhibitors | 7,057                            | 0                             | 7,057                 |
| Miscellaneous Donations                 | 4,241                            | 867                           | 5,108                 |
| In-Kind Donations                       | 0                                | 0                             | 0                     |
| Net Assets Released from Restrictions   | 629                              | (629)                         | 0                     |
| Total Revenues                          | <u>27,480</u>                    | <u>238</u>                    | <u>27,718</u>         |
| <u>EXPENSES</u>                         |                                  |                               |                       |
| Program Expenses                        | 19,726                           | 0                             | 19,726                |
| Administrative Expenses                 | 11,162                           | 0                             | 11,162                |
| Total Expenses                          | <u>30,888</u>                    | <u>0</u>                      | <u>30,888</u>         |
| Change in Net Assets From Operations    | <u>(3,408)</u>                   | <u>238</u>                    | <u>(3,170)</u>        |
| Other Income and Expenses:              |                                  |                               |                       |
| Interest and Dividends                  | 3,313                            | 0                             | 3,313                 |
| Realized Gains                          | 4,891                            | 0                             | 4,891                 |
| Unrealized Gains                        | 10,434                           | 0                             | 10,434                |
| Total Other Income and Expenses         | <u>18,638</u>                    | <u>0</u>                      | <u>18,638</u>         |
| Net Change in Net Assets                | 15,230                           | 238                           | 15,468                |
| Net Assets, Beginning of Year           | <u>209,832</u>                   | <u>5,028</u>                  | <u>214,860</u>        |
| <br>NET ASSETS, END OF YEAR             | <br><u>\$ 225,062</u>            | <br><u>\$ 5,266</u>           | <br><u>\$ 230,328</u> |

\* See accompanying notes.

OKLAHOMA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
Edmond, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS

For the Year Ended December 31, 2021

| <u>EXPENSES</u>                  | <u>Program</u>       | <u>Administrative</u> | <u>Total</u>         |
|----------------------------------|----------------------|-----------------------|----------------------|
| Salaries and Wages               | \$ 12,657            | \$ 3,164              | \$ 15,821            |
| Payroll Taxes                    | 878                  | 219                   | 1,097                |
| Annual Conference                | 200                  | 0                     | 200                  |
| Accounting and Legal             | 0                    | 5,400                 | 5,400                |
| Office Rent                      | 2,120                | 530                   | 2,650                |
| Office Expenses                  | 146                  | 724                   | 870                  |
| Directors and Officers Insurance | 0                    | 510                   | 510                  |
| Membership Dues                  | (34)                 | 0                     | (34)                 |
| Property Insurance               | 283                  | 71                    | 354                  |
| Speakers Fees                    | 1,300                | 0                     | 1,300                |
| Insurance - Other                | 280                  | 70                    | 350                  |
| Miscellaneous Expense            | 814                  | 204                   | 1,018                |
| Website/Internet                 | 1,082                | 270                   | 1,352                |
| <br>Total Expenses               | <br>\$ <u>19,726</u> | <br>\$ <u>11,162</u>  | <br>\$ <u>30,888</u> |

\* See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

NOTE 1: NATURE OF ACTIVITIES

Organization – Oklahoma Association for the Education of Young Children (OKAEYC) is a not for profit organization formerly known as the Early Childhood Association of Oklahoma (ECAO). OKAEYC is affiliated with the National Association for the Education of Young Children (NAEYC) and the Southern Early Childhood Association (SECA). The name was changed in 2017 at the request of NAEYC as part of the re-affiliation process. OKAEYC's mission is to connect professionals, build leadership, and support those committed to the needs, rights, quality care, education and well-being of young children and their families. The organization fosters professional development for individuals working with young children and their families. Major sources of revenue include membership fees and registration fees from conferences and other professional development events.

The OKAEYC is headquartered in Edmond, Oklahoma, and has six chapters throughout the state of Oklahoma.

Basis of Accounting – Oklahoma Association for the Education of Young Children prepares its financial statements on the cash receipts and disbursements basis of accounting whereby revenue is recognized when received rather than when earned and expense is recognized when paid rather than when incurred.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates – The preparation of financial statements in conformity with OKAEYC's cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets – Oklahoma Association for the Education of Young Children reports its information regarding its financial position and changes in net assets according to two classes of net assets, if applicable, based on the existence or absence of donor-imposed restrictions, as follows:

**Net Assets Without Donor Restrictions** – Expendable amounts available for support of OKAEYC's operations.

**Net Assets With Donor Restrictions** – Amounts which have been restricted by donors for specific purposes or time periods. OKAEYC treats restricted contributions that have the restrictions met in the same year as received as unrestricted contributions. Also included in this category are net assets subject to donor-imposed restrictions to be maintained in perpetuity by OKAEYC. There were no net assets subject to donor-imposed restrictions to be maintained in perpetuity at December 31, 2021.

All revenues and net gains are reported as increases in net assets without donor restriction in the statement of activities unless the use of the related resources is subject to donor-imposed restrictions.

Cash Equivalents – Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. There were no cash equivalents at December 31, 2021.

OKLAHOMA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
Edmond, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Oklahoma Association for the Education of Young Children's cash balance and investments consist of demand deposits and time deposits maintained at financial institutions insured by the National Credit Union Administration (NCUA) and SIPC. Oklahoma Association for the Education of Young Children's investment activity consists of certificates of deposits with original maturities of more than three months and mutual funds that are carried and at market value in the financial statements.

Collateral for OKAEYC's deposits is categorized to give an indication of the level of risk assumed by OKAEYC at year end.

|  | <u>Bank<br/>Balances</u> |
|--|--------------------------|
| 1. Insured or collateralized with securities held by the organization or by its agent in the organization's name.                    | \$ 230,324               |
| 2. Collateralized with securities held by the pledging financial institution's Trust department or agent in the organization's name. | 0                        |
| 3. Uncollateralized  | <u>0</u>                 |
| Total  | <u>\$ 230,324</u>        |

Contributed Services – Contribution service revenue is only recognized if the services are provided by parties who normally provide similar services for compensation or are services substantially the same as those the Organization would normally purchase.

During 2021, the OKAEYC received donated services from unpaid volunteers assisting in the activities of the Organization. No value has been assigned to these hours because they did not meet the criteria for recognition in the financial statements.

As more fully described in Note 4, the Association received \$0 in donated goods during 2021.

Property and Equipment – It is the organization's policy to capitalize property and equipment over \$1,000; lesser amounts are expensed. Additions to property and equipment are capitalized at cost or donated value and are depreciated over their estimated useful lives using the straight-line method. Fixed assets are recorded at cost or, if donated, at fair market value at the time of donation. The association's fixed assets consist of approximately \$1,900 of office furniture and computer equipment that are fully depreciated.

Income Tax Status – OKAEYC qualifies as an organization exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and is subject to a tax on income from any unrelated business, as defined by section 509(a)(1) of the Code. OKAEYC currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

OKAEYC has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examinations by taxing authorities. OKAEYC has analyzed tax positions taken for filing with the Internal Revenue Service and the State of Oklahoma. OKAEYC believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on OKAEYC's financial condition, results of operations, or cash flows. Accordingly, OKAEYC has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2021.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, OKAEYC has no open examinations with the Internal Revenue Service or the Oklahoma Tax Commission.

Functional Allocation of Expenses – Costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues collected and expenses paid. Costs are allocated between program and administrative based on evaluation of the related activities. Administrative expenses include those expenses that are not directly identifiable with any other specific functions but provide for the overall support and direction of the Organization.

NOTE 3: RESTRICTIONS ON NET ASSETS

Restrictions on net assets relate to donated funds received with specific donor-imposed purposes. Upon satisfaction of the restrictions the funds are reclassified as funds without donor restrictions.

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ending December 31, 2021 consist of the following:

|                     |               |
|---------------------|---------------|
| Website Upgrade     | \$ 262        |
| Quick Books Upgrade | <u>367</u>    |
|                     | <u>\$ 629</u> |

Net assets with donor restrictions as of December 31, 2021, consist of the following:

|   |                 |
|---|-----------------|
| Child Care Careers Inc. – Funds to be used to support NAEYC accreditation | \$ 4,450        |
| 60 Year History Project   | 155             |
| Memberships   | 105             |
| Scholarships  | 173             |
| Training and Development  | 145             |
| Website Upgrade   | <u>238</u>      |
|   | <u>\$ 5,266</u> |

NOTE 4: GIFTS IN KIND

OKAEYC received donated goods valued at \$0 in conjunction with their annual conference in 2021.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

NOTE 5: FAIR VALUE MEASUREMENTS

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the assets or liability (for example, interest rates and yield curves); and
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

NOTE 6: INVESTMENTS

Investment income for the year ending December 31, 2021 is detailed below:

|                  |                  |
|------------------|------------------|
| Interest Income  | \$ 160           |
| Dividend Income  | 3,153            |
| Realized Gains   | 4,891            |
| Unrealized Gains | <u>10,434</u>    |
|                  | <u>\$ 18,638</u> |

Investments consist of the following at December 31, 2021:

| Description                     | Fair Value        | Level 1           | Level 2     | Level 3     |
|---------------------------------|-------------------|-------------------|-------------|-------------|
| Mutual Funds                    | \$ 141,745        | \$ <u>141,745</u> | \$ <u>0</u> | \$ <u>0</u> |
| 12 Month Certificate of Deposit | 15,010            |                   |             |             |
| 24 Month Certificate of Deposit | 15,011            |                   |             |             |
| 36 Month Certificate of Deposit | <u>15,012</u>     |                   |             |             |
| Total Investments               | <u>\$ 186,778</u> |                   |             |             |

OKLAHOMA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
Edmond, Oklahoma

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# *Saunders & Associates, PLLC*

## *Certified Public Accountants*

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630 East 17<sup>th</sup> Street \* P. O. Box 1406 \* Ada, Oklahoma 74820 \* (580) 332-8548 \* FAX: (580) 332-2272

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Oklahoma Association for the Education of Young Children

#### **Opinion**

We have audited the accompanying financial statements of Oklahoma Association for the Education of Young Children (a nonprofit organization), which comprise the statement of assets and net assets-cash basis as of December 31, 2021, and the related statement of revenues collected and expenses paid, and statement of functional expenses-cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of Oklahoma Association for the Education of Young Children as of December 31, 2021 and its revenue, expenses and functional expenses for the year then ended in accordance with the cash basis of accounting as described in Note 1.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oklahoma Association for the Education of Young Children and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

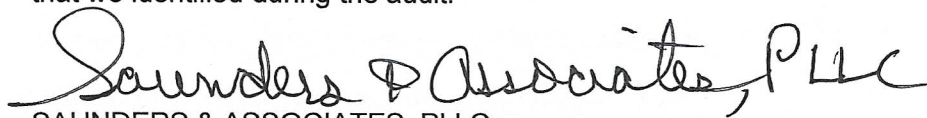
## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, that would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Oklahoma Association for the Education of Young Children's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oklahoma Association for the Education of Young Children's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants  
Ada, Oklahoma

November 1, 2022

FINANCIAL STATEMENTS

OKLAHOMA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
Edmond, Oklahoma

STATEMENT OF ASSETS AND NET ASSETS - CASH BASIS

December 31, 2021

ASSETS

|                       |    |                       |
|-----------------------|----|-----------------------|
| Cash                  | \$ | 43,550                |
| Fixed Assets - Note 2 |    | 0                     |
| Investments           |    | <u>186,778</u>        |
| TOTAL ASSETS          | \$ | <u><u>230,328</u></u> |

NET ASSETS

|                            |    |                       |
|----------------------------|----|-----------------------|
| Without Donor Restrictions | \$ | 225,062               |
| With Donor Restrictions    |    | <u>5,266</u>          |
| TOTAL NET ASSETS           | \$ | <u><u>230,328</u></u> |

\* See accompanying notes.

OKLAHOMA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN  
Edmond, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

NOTE 7: OKLAHOMA CITY COMMUNITY FOUNDATION

The market value of assets held by the Oklahoma City Community Foundation (OCCF) at December 31, 2021, in the name of Oklahoma Association for the Education of Young Children Scholarship Fund was approximately \$58,000. The earnings from this fund are available to provide college scholarships to students selected by the OKAEYC. The funds are sent directly to the college the student attends. These funds are not reflected in these financial statements because they were not placed with the OCCF by the OKAEYC as part of a reciprocal transfer as defined by ASC 958-6005 of accounting principles generally accepted in the United States of America.

One scholarship in the amount of \$2,500 was paid from this fund in May 2021.

NOTE 8: FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2021, OKAEYC had financial assets and liquidity resources available for use within one year for program expenditures and general operating expenses as follows:

|  |                   |
|--|-------------------|
| Cash   | \$ 43,550         |
| Investments  | <u>186,778</u>    |
|  | 230,328           |
| Less Restricted by Donor                           | <u>( 5,266)</u>   |
| Financial Assets Available for Use Within One Year | <u>\$ 225,062</u> |

NOTE 9: RENT

OKAEYC rents office space on an annual basis. Rent expense for the year ended December 31, 2021 was \$2,650.

NOTE 10: EVALUATION OF SUBSEQUENT EVENTS

OKAEYC has evaluated subsequent events through November 1, 2022, the date which the financial statements were available to be issued.