

*Nebraska Association for the Education of Young Children, Inc.
Lincoln, Nebraska*

September 30, 2025 and 2024

*Financial Statements
and
Independent Auditor's Report*



CPAs & Consultants | Wealth Management

Nebraska Association for the Education of Young Children, Inc.

For the years ended September 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Nebraska Association for the Education of Young Children, Inc.
Lincoln, Nebraska

Opinion

We have audited the financial statements of Nebraska Association for the Education of Young Children, Inc., which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nebraska Association for the Education of Young Children, Inc. as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Nebraska Association for the Education of Young Children, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nebraska Association for the Education of Young Children, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Nebraska Association for the Education of Young Children, Inc.'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 Nebraska Association for the Education of Young Children, Inc.'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.

ABE LLP

Lincoln, Nebraska
January 29, 2026

Nebraska Association for the Education of Young Children, Inc.

STATEMENTS OF FINANCIAL POSITION

September 30,

ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents (note A)	\$ 187,855	\$ 44,652
Certificate of deposit (note A)	25,248	-
Accounts receivable, net (notes A and B)	1,562	2,452
Grants receivable (notes A and D)	196,928	256,200
Prepaid expenses	7,464	7,728
Refundable deposits	<u>693</u>	<u>693</u>
Total current assets	<u>419,750</u>	<u>311,725</u>
NONCURRENT ASSETS		
Property and equipment, net (notes A and C)	4,073	3,650
Operating lease right-of-use assets, net (notes A and E)	17,211	33,773
Financing lease right-of-use assets, net (notes A and E)	<u>7,096</u>	<u>9,600</u>
Total noncurrent assets	<u>28,380</u>	<u>47,023</u>
Total assets	<u>\$ 448,130</u>	<u>\$ 358,748</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 14,365	\$ 25,653
Accrued vacation (note A)	38,885	32,779
Accrued expenses	14,600	30,212
Deferred grant revenue (note A)	104,645	18,000
Operating lease obligations, current (notes A and E)	17,212	16,563
Financing lease obligations, current (notes A and E)	<u>2,527</u>	<u>2,437</u>
Total current liabilities	<u>192,234</u>	<u>125,644</u>
LONG-TERM OBLIGATIONS		
Operating lease obligations, net of current maturities (notes A and E)	-	17,212
Financing lease obligations, net of current maturities (notes A and E)	<u>4,879</u>	<u>7,406</u>
Total long-term obligations	<u>4,879</u>	<u>24,618</u>
Total liabilities	197,113	150,262
NET ASSETS (note A)		
Without donor restrictions	<u>251,017</u>	<u>208,486</u>
Total liabilities and net assets	<u>\$ 448,130</u>	<u>\$ 358,748</u>

See accompanying notes to financial statements.

Nebraska Association for the Education of Young Children, Inc.

STATEMENTS OF ACTIVITIES

Years ended September 30,

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Grants	\$ 1,053,235	\$ -	\$ 1,053,235	\$ 1,267,265	\$ -	\$ 1,267,265
Dues	4,976	-	4,976	4,515	-	4,515
Contributions	1,120	-	1,120	1,071	-	1,071
Interest	2,835	-	2,835	650	-	650
Chapter activity	3,619	-	3,619	3,176	-	3,176
Contract labor	341	-	341	1,855	-	1,855
Total revenue and support	<u>1,066,126</u>	<u>-</u>	<u>1,066,126</u>	<u>1,278,532</u>	<u>-</u>	<u>1,278,532</u>
Expenses						
Program services						
T.E.A.C.H.	371,321	-	371,321	405,899	-	405,899
QEP	508,355	-	508,355	721,541	-	721,541
Other agency mission	26,109	-	26,109	21,294	-	21,294
General and administrative	79,718	-	79,718	101,926	-	101,926
Fundraising	38,092	-	38,092	39,945	-	39,945
Total expenses	<u>1,023,595</u>	<u>-</u>	<u>1,023,595</u>	<u>1,290,605</u>	<u>-</u>	<u>1,290,605</u>
INCREASE (DECREASE) IN NET ASSETS	42,531	-	42,531	(12,073)	-	(12,073)
Net assets at beginning of year	<u>208,486</u>	<u>-</u>	<u>208,486</u>	<u>220,559</u>	<u>-</u>	<u>220,559</u>
Net assets at end of year	<u>\$ 251,017</u>	<u>\$ -</u>	<u>\$ 251,017</u>	<u>\$ 208,486</u>	<u>\$ -</u>	<u>\$ 208,486</u>

See accompanying notes to financial statements.

Nebraska Association for the Education of Young Children, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2025

	Program Services			Total	General and Administrative	Fundraising	Total
	T.E.A.C.H.	QEP	Other Agency Mission				
EXPENSES							
Salaries and wages	\$ 174,890	\$ 208,231	\$ -	\$ 383,121	\$ 32,344	\$ 10,781	\$ 426,246
Retirement plan contributions	5,236	3,122	-	8,358	1,637	546	10,541
Employee benefits	1,939	1,662	-	3,601	54	18	3,673
Payroll taxes	13,353	7,951	-	21,304	8,128	2,710	32,142
Accounting	-	-	-	-	12,736	6,777	19,513
Fees for services	-	-	-	-	125	206	331
Advertising and promotion	3,088	-	-	3,088	63	136	3,287
Office expense	-	-	9,017	9,017	3,914	3,487	16,418
Information technology	-	-	-	-	8,405	2,817	11,222
Rent	-	-	2,174	2,174	7,181	8,162	17,517
Travel	7,655	5,733	-	13,388	-	-	13,388
Meetings and conferences	1,182	-	839	2,021	1,097	-	3,118
Depreciation	-	-	-	-	792	-	792
Insurance	546	416	-	962	2,536	1,792	5,290
Dues and subscriptions	-	-	-	-	676	544	1,220
Licenses and fees	10,940	-	-	10,940	-	-	10,940
Credit loss expense	852	-	-	852	-	-	852
Miscellaneous	-	-	-	-	30	116	146
Chapter expenses	-	-	5,766	5,766	-	-	5,766
Chapter support	-	-	403	403	-	-	403
Direct program costs	-	281,240	7,910	289,150	-	-	289,150
T.E.A.C.H. scholarship costs	151,640	-	-	151,640	-	-	151,640
Total expenses	<u>\$ 371,321</u>	<u>\$ 508,355</u>	<u>\$ 26,109</u>	<u>\$ 905,785</u>	<u>\$ 79,718</u>	<u>\$ 38,092</u>	<u>\$ 1,023,595</u>

See accompanying notes to financial statements.

Nebraska Association for the Education of Young Children, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Years ended September 30, 2024

	Program Services			Total	General and Administrative	Fundraising	Total
	T.E.A.C.H.	QEP	Other Agency Mission				
EXPENSES							
Salaries and wages	\$ 129,052	\$ 238,381	\$ -	\$ 367,433	\$ 41,770	\$ 13,923	\$ 423,126
Retirement plan contributions	3,813	3,504	-	7,317	1,142	381	8,840
Employee benefits	1,347	1,846	-	3,193	495	165	3,853
Payroll taxes	10,080	9,285	-	19,365	10,240	3,413	33,018
Accounting	-	-	-	-	13,400	6,958	20,358
Fees for services	-	-	-	-	868	88	956
Advertising and promotion	-	-	-	-	324	102	426
Office expense	-	-	1,915	1,915	11,201	1,586	14,702
Information technology	-	-	-	-	4,693	3,671	8,364
Rent	-	-	3,313	3,313	8,351	5,854	17,518
Travel	10,753	2,691	1,131	14,575	-	-	14,575
Meetings and conferences	3,356	-	439	3,795	-	-	3,795
Depreciation	-	-	-	-	515	-	515
Insurance	383	461	-	844	2,907	1,437	5,188
Dues and subscriptions	-	-	-	-	937	541	1,478
Licenses and fees	-	5,260	-	5,260	4,437	1,092	10,789
Credit loss expense	5,797	-	-	5,797	-	-	5,797
Miscellaneous	-	-	-	-	646	734	1,380
Chapter expenses	-	-	7,275	7,275	-	-	7,275
Chapter support	-	-	746	746	-	-	746
Direct program costs	-	460,113	6,475	466,588	-	-	466,588
T.E.A.C.H. scholarship costs	241,318	-	-	241,318	-	-	241,318
Total expenses	<u>\$ 405,899</u>	<u>\$ 721,541</u>	<u>\$ 21,294</u>	<u>\$ 1,148,734</u>	<u>\$ 101,926</u>	<u>\$ 39,945</u>	<u>\$ 1,290,605</u>

See accompanying notes to financial statements.

Nebraska Association for the Education of Young Children, Inc.

STATEMENTS OF CASH FLOWS

Years ended September 30,

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Cash received from donors and support	\$ 1,210,098	\$ 1,277,039
Cash paid to employees and suppliers	(1,040,830)	(1,308,930)
Interest income	<u>2,587</u>	<u>650</u>
Net cash provided (used) by operating activities	<u>171,855</u>	<u>(31,241)</u>
Cash flows from investing activities		
Purchase of certificates of deposits	(25,000)	-
Purchase of property and equipment	<u>(1,215)</u>	<u>(1,239)</u>
Net cash used by investing activities	<u>(26,215)</u>	<u>(1,239)</u>
Cash flows from financing activities		
Payments on financing lease obligations	<u>(2,437)</u>	<u>(2,352)</u>
Net increase (decrease) in cash	143,203	(34,832)
Cash and cash equivalents, beginning of year	<u>44,652</u>	<u>79,484</u>
Cash and cash equivalents, end of year	<u>\$ 187,855</u>	<u>\$ 44,652</u>
Increase (decrease) in net assets	<u>\$ 42,531</u>	<u>\$ (12,073)</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	792	515
Reduction in the carrying amount of right-of-use assets	19,066	18,463
Provision for credit loss, net of write offs	(11,461)	(4,553)
Reinvested interest	(248)	-
(Increase) decrease in assets		
Accounts receivable	12,351	18,585
Grants receivable	59,272	(14,875)
Prepaid expenses	264	(647)
Increase (decrease) in liabilities		
Accounts payable	(11,288)	(26,255)
Accrued vacation	6,106	(2,317)
Accrued expenses	(15,612)	7,874
Deferred grant revenue	86,645	-
Operating lease obligations	<u>(16,563)</u>	<u>(15,958)</u>
Total adjustments to increase (decrease) in net assets	<u>129,324</u>	<u>(19,168)</u>
Net cash provided (used) by operating activities	<u>\$ 171,855</u>	<u>\$ (31,241)</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Nebraska Association for the Education of Young Children, Inc. (Nebraska AEYC) is an affiliate of the National Association for the Education of Young Children (NAEYC). Nebraska AEYC began in 1976 and became incorporated in 1992. The Organization is located in Lincoln, Nebraska. Nebraska AEYC is organized as a 501(c)(3) nonprofit corporation and is led by a Board of Directors. Nebraska AEYC receives its funding from dues, donations, grants, contracts, and consulting services. Membership in the Organization is open to anyone interested in supporting and promoting the mission of the Organization.

The mission of Nebraska AEYC is to provide opportunities that promote excellence in early childhood education for Nebraska's early childhood educators, children and families through education, advocacy, and leadership.

Nebraska AEYC accomplishes this mission through the following major programs:

T.E.A.C.H. Early Childhood@ NEBRASKA: This program provides scholarships and support to help early childhood educators complete coursework at a local college and work toward a degree in the early childhood field. Scholarships are awarded to candidates pursuing either an Associate or Bachelors' degree. Funding for TEACH projects during this fiscal year was from the Nebraska Department of Education (NDE), and the State of Nebraska through Step Up to Quality.

Quality Enhancement Projects (QEP): These programs provide resources, funds and support to early childhood education programs to increase the quality of care for children. Improved quality is achieved through a combination of pre/post assessments, development of program improvement plan, funds for materials and supplies, and support ongoing coaching. Programs included in QEP this year include the Leadership Academy, Infant/Toddler Quality Initiative, R.E.S.P.E.C.T. Across Nebraska, and Rooted in Relationships Pyramid Implementation Project. Funding for QEP projects during this fiscal year was from NDE, Nebraska Department of Health and Human Services, Community Action Partnership of Lancaster and Saunders Counties, the University of Nebraska at Lincoln, the Buffett Early Childhood Fund and Nebraska Children & Families Foundation.

Circle of Security- Parenting (COS-P/COSP-C): Circle of Security Parenting™ (COSP) is an 8-week parenting program based on years of research about how to build strong attachment relationships between parent and child. It is designed to help parents learn how to respond to their child's needs in a way that enhances the attachment between parent and child. It helps parents give their children a feeling of security and confidence so they can explore, learn, grow, and build positive relationships; all essential skills for life-long success. Funding for these projects was from the Nebraska Department of Health and Human Services.

Other Agency Mission: Nebraska AEYC strengthens and supports the early childhood profession by providing a variety of additional mission driven projects and services. These projects and services primarily focus on support for the general early childhood community. This agency provides support to our member base through our local affiliate network by providing networking opportunities and provides small grants to help facilitate local community- based activities around the National Week of the Young Child. Our staff provides a variety of professional development opportunities, consulting and quality assessments, on a fee-for-service basis. Nebraska AEYC also provides support for programs seeking national accreditation. The primary source of funding for these activities is from membership dues, small grants and revenue generated from consulting services.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Method of Accounting. The accompanying financial statements of Nebraska AEYC have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents. For purposes of the statements of cash flows, Nebraska AEYC considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents are measured at amortized cost, thus, evaluated for expected credit losses. Based on management's review of historical data in addition to current conditions and forecasts, the Organization has not recognized an expected credit loss.

Certificates of Deposit. Certificates of deposit are measured at amortized cost, thus evaluated for expected credit losses. Based on management's review of historical data in addition to current conditions and forecasts, Nebraska AEYC has not recognized an expected credit loss.

Accounts Receivable. Accounts receivable represent Nebraska AEYC's present rights to consideration that is unconditional. Accounts receivable are reported at the amount management expects to collect on balances outstanding at year end.

Allowance for credit losses is based on management's review of historical losses based on aging receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant. Nebraska AEYC believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as Nebraska AEYC's customers have remained consistent since the Organization's inception. Based on management's review, Nebraska AEYC has recorded a provision for expected credit loss of \$0, \$11,461 and \$16,014 as of September 30, 2025, 2024 and 2023, respectively.

Grants Receivable. Grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history of grantors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Property and Equipment and Depreciation. Property and equipment are carried at cost, if purchased and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed primarily on the straight-line method. Equipment is depreciated over estimated useful lives from 3 to 7 years. It is Nebraska AEYC's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed.

Leases. At inception, Nebraska AEYC determines if a contract is or includes a lease arrangement. Nebraska AEYC's lease commitments include office space and equipment. The following describes Nebraska AEYC's accounting policies related to its leasing arrangements:

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Leases. – Continued

As lessee

Leased assets represent the right to control the use of an identified asset for the lease term and lease obligations represent the obligation to make lease payments arising from the lease. Nebraska AEYC recognizes a right-of-use asset and related obligation at the commencement date, generally based on the present value of lease payments over the lease term using Nebraska AEYC's risk free rate. Leases with an initial term of 12 months or less, including month to month leases, are not recorded on the statements of financial position and are expensed on a straight-line basis.

Finance Leases

Right-of-use assets acquired under finance leases are amortized over the lease term. Amortization of the right-of-use asset and interest on the lease liability are presented consistently with similar costs in the statements of activities.

Operating Leases

Operating lease assets and liabilities are recognized separately on Nebraska AEYC's statements of financial position. Nebraska AEYC recognizes a single lease expense on a straight-line basis over the lease term. Nonlease components are expensed as incurred.

Net Asset Classification. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without donor restrictions. Net assets available for use in general operations and not subject to donor or grantor restrictions.

With donor restrictions. Net assets subject to donor- or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

Contributions restricted by donors received in the same period when the associated stipulated time or purpose restriction is accomplished are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Revenue Recognition. The following is a description of Nebraska AEYC's principal source of revenue:

Grant Revenue. Nebraska AEYC is the recipient of federal, state and local grants to fund its primary programs. Grants consist primarily of conditional grants, that is, those with measurable performance or other barrier, and a right of return. Grants are not recognized until the conditions on which they depend have been substantially met. The federal and state grants are conditioned upon the incurrence of allowable qualifying expenses. Grants are recorded as revenue when the related approved expenditures are made. Unearned grant revenue represents advances of grant funds received prior to the incurrence of related costs by Nebraska AEYC. At September 30, 2025 and 2024, conditional reimbursement-basis grants of \$687,951 and \$797,275 were awarded to Nebraska AEYC, for which Nebraska AEYC has not yet incurred related expenditures.

Advertising. Advertising costs of Nebraska AEYC are expensed as incurred. Advertising expense was \$3,287 and \$426 for the years ended September 30, 2025 and 2024, respectively.

Income Taxes. Nebraska AEYC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of its exempt purpose is not subject to income tax. Any income earned through activities not related to its exempt purpose is subject to income tax at normal corporate rates.

Paid Time Off. During the first year of employment, a full-time employee earns 192 hours of Paid Time Off (PTO), and a part-time employee earns hours as a pro-rata percentage of the full-time allowance based on hours actually worked. The second and third years, fourth through sixth years, seventh through ninth years, and tenth through twelfth years of employment, a salaried employee earns 240, 288, 336, and 384 hours of PTO per year, respectively. Hourly employees receive their pro-rata share of these hours. Employees may carryover PTO from 144 hours to 288 hours depending on the years of service to Nebraska AEYC. In the event of voluntary or involuntary termination, all accrued PTO will be paid to the employee.

Functionalized Expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, which is allocated on a square footage basis, as well as salaries and wages, retirement plan contributions, employee benefits, payroll taxes, accounting, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Nebraska Association for the Education of Young Children, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE B – ALLOWANCE FOR CREDIT LOSSES

Accounts receivable are as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Gross accounts receivable	\$ 1,562	\$ 13,913	\$ 32,498
Less: allowance for credit loss	<u>-</u>	<u>(11,461)</u>	<u>(16,014)</u>
	<u>\$ 1,562</u>	<u>\$ 2,452</u>	<u>\$ 16,484</u>

The allowance for credit losses for accounts receivable are as follows:

Beginning balance	\$ 11,461	\$ 16,014	\$ 8,267
Provision for credit loss	852	5,797	13,163
Write offs	<u>(12,313)</u>	<u>(10,350)</u>	<u>(5,416)</u>
Ending balance	<u>\$ -</u>	<u>\$ 11,461</u>	<u>\$ 16,014</u>

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Equipment	\$ 16,773	\$ 15,558
Less accumulated depreciation	<u>(12,700)</u>	<u>(11,908)</u>
	<u>\$ 4,073</u>	<u>\$ 3,650</u>

The financial statements include depreciation expense of \$792 and \$515 for the years ended September 30, 2025 and 2024, respectively.

NOTE D - GRANTS RECEIVABLE

Grants receivable consists of the following:

T.E.A.C.H. - NDE	\$ 75,008	\$ 94,343
University of Nebraska - Lincoln	-	14,478
Leadership Academy - HHS	6,093	24,744
Infant Toddler - CAP	25,860	25,459
QRIS TEACH - NDE	18,048	18,744
DHHS - Circle of Security	47,753	50,143
DHHS	10,031	5,446
NCFE Pyramid	14,135	7,321
NDE Wages	<u>-</u>	<u>15,522</u>
	<u>\$ 196,928</u>	<u>\$ 256,200</u>

NOTES TO FINANCIAL STATEMENTS

NOTE E - LEASES

Operating Leases

In October 2018, Nebraska AEYC entered into a five-year agreement for office space. The lease requires minimum monthly payments of \$1,459. In May 2023, the agreement was extended for an additional 3 years. The lease requires minimum monthly payments of \$1,460 through September 30, 2026.

Operating lease expense for the years ended September 30, 2025 and 2024 was \$17,517 and \$16,583, respectively.

Average operating lease terms and discount rate at September 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term (years):	1.00	2.00
Weighted average discount rate:	3.85%	3.85%

The following summarizes cash paid for operating lease obligations and other non-cash information for the year ended September 30, 2025 and 2024:

Cash paid for amounts included in the measurement of operating lease obligations	\$ 17,517	\$ 17,537
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The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of September 30, 2025, and a reconciliation to operating lease obligations reported on the statements of financial position:

<u>Year ending September 30,</u>	
2026	\$ 17,517
Less: Amounts representing interest	<u>(305)</u>
Operating lease obligations	<u>\$ 17,212</u>

Finance Lease

In May 2023, Nebraska AEYC entered into a 63-month lease agreement for a copier which expires on July 31, 2028. The lease requires minimum monthly payments of \$229.

For the year ended September 30, 2025 and 2024, Nebraska AEYC recognized the following in relation to its finance leases:

Amortization of right-of-use assets	\$ 2,504	\$ 2,352
Interest on lease obligations	<u>309</u>	<u>396</u>
	<u>\$ 2,813</u>	<u>\$ 2,748</u>

Nebraska Association for the Education of Young Children, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE E - LEASES - CONTINUED

Average finance lease terms and discount rate at September 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term (years):	2.83	3.83
Weighted average discount rate:	3.64%	3.64%

The following summarizes cash paid for finance lease obligations and other non-cash information:

Cash paid for amounts included in the measurement of finance lease obligations		
Operating cash flows	\$ 309	\$ 396
Financing cash flows	2,437	2,352

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for finance leases as of September 30, 2025, and a reconciliation to finance lease obligations reported on the statements of financial position:

<u>Year ending September 30,</u>	
2026	\$ 2,747
2027	2,747
2028	<u>2,289</u>
Total minimum lease payments	7,783
Less: Amounts representing interest	<u>(377)</u>
Finance lease obligations	<u>\$ 7,406</u>

NOTE F - LINE OF CREDIT

Nebraska AEYC had a \$25,000 revolving line of credit that expired on December 23, 2024. The interest rate was the prime rate plus 2.25%. The line of credit was secured by substantially all the assets of Nebraska AEYC.

NOTE G - CONCENTRATION

Nebraska AEYC has a risk of economic dependency due to a significant portion of program revenue being provided by one source. Nebraska AEYC received approximately 90% and 83% of its annual income from four different agencies for the years ended September 30, 2025 and 2024, respectively. A significant reduction in the level of this support, if it were to occur, could have an effect on Nebraska AEYC's programs and activities.

NOTES TO FINANCIAL STATEMENTS

NOTE H - RETIREMENT PLAN

In order to be eligible to participate in the SIMPLE IRA plan, an employee must receive at least \$5,000 in compensation, during any 6 month period prior to enrollment, and be reasonably expected to receive at least \$5,000 in compensation during the current year. Nebraska AEYC will match up to a maximum of 3% of compensation for employees. Employees may choose their own contribution percentage. Contributions to the retirement plan for the years ended September 30, 2025 and 2024 were \$10,541 and \$8,840, respectively.

NOTE I - INCOME TAXES

Nebraska AEYC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the years ended September 30, 2025 and 2024, Nebraska AEYC had no tax liability on unrelated business activity. Nebraska AEYC believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Nebraska AEYC's federal Returns of Organization Exempt from Income Tax (Form 990) for September 30, 2025, 2024, and 2023 are subject to examination by the IRS, generally for three years after they were filed.

NOTE J - LIQUIDITY AND AVAILABILITY

The following table reflects Nebraska AEYC's financial assets as of the statement of financial position date reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date because of contractual restrictions or internal board designations.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 187,855	\$ 44,652
Certificate of deposit	25,248	-
Accounts receivable	1,562	2,452
Grants receivable	196,928	256,200
Less: chapter funds	<u>(53,824)</u>	<u>(55,355)</u>
	<u>\$ 357,769</u>	<u>\$ 247,949</u>

As of September 30, 2025, Nebraska AEYC has average days (based on normal expenditures) cash on hand of 128 days.

Cash is held in interest bearing checking accounts and is readily available. In the event of a liquidity crisis, Management could make the decision to submit reimbursable funding requests to grantors on a more frequent basis (i.e. monthly) than the typical quarterly submissions.

NOTE K - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, the date the financial statements were available to be issued.