



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
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January 13, 2011

Board of Directors
Portage Child Care Center
6078 Robbins Rd.
Portage, IN 46368

We have reviewed the audit report prepared by E/J Financial & Computer Services, Inc., Independent Public Accountants, for the period January 1, 2007 to December 31, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Portage Child Care Center, as of December 31, 2008 and 2007, and the results of its operations for the periods then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**Portage
Child Care
Center**



6078 Robbins Rd. · Portage, IN 46368
(219) 762-8856

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

***E/J FINANCIAL
& Computer Services, Inc.***

E/J FINANCIAL & Computer Services, Inc.

Independent Auditor's Report

Board of Directors and Stockholders
Portage Child Care Center
6078 Robbins Road
Portage, IN 46368

We have audited the accompanying balance sheets of Portage Child Care Center as of December 31, 2008 and 2007 and the related statements of income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Please refer to our separate report concerning compliance with laws and regulations and internal control over financial reporting. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Portage Child Care Center as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



E/J Financial & Computer Services, Inc.

September 21, 2009

2139 US Highway 41
Scherville, IN 46375

Phone: 219.322.9932
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**Portage Child Care Center
Balance Sheet
As of December 31,**

	2008	2007
Assets		
Cash and Cash Equivalents	\$57,146	\$65,208
Available for Sale Securities	129,236	203,985
Property and Equipment (Net)	86,526	88,327
Other Assets	19,613	18,962
Total Assets	\$292,521	\$376,482

Liabilites and Owners Equity

Current Liabilities	\$4,727	\$13,171
Common Stock	1,000	1,000
Unrealized Gain/Loss on Securities Available for Sale	18,029	92,777
Retained Earnings	268,766	269,534
Total Liabilities and Owners Equity	\$292,521	\$376,482

See accompanying notes.

**Portage Child Care Center
Statement of Income and Retained Earnings
For the Year Ended December 31,**

	2008	2007
Revenue from Operations	\$450,086	\$458,981
Operating Expenses:		
Compensation and Benefits	279,925	277,772
Operations	132,975	142,048
Total Operating Expenses	412,900	419,820
Interest and Dividends Income	7,839	6,660
Income Tax Expense	9,793	9,945
Net Income	35,232	35,875
Retained Earnings, beginning of the year	269,534	280,658
Dividends Paid	(36,000)	(47,000)
Retained Earnings, end of the year	\$268,766	\$269,534

See accompanying notes.

**Portage Child Care Center
Statement of Cash Flows
For the Year Ended December 31,**

	2008	2007
Cash Flows from Operating Activities:		
Net Income	\$35,232	\$35,875
Depreciation and Amortization	8,102	13,607
Changes in:		
Other Assets	(651)	6,540
Current Liabilities	(8,444)	8,247
Net Cash from operating activities	34,238	64,269
 Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(6,300)	(8,109)
Dividends paid to Owner	(36,000)	(47,000)
Net Cash from investing activities	(42,300)	(55,109)
Net change in cash	(8,062)	9,161
Cash and cash equivalents, beginning of the year	65,208	56,047.38
Cash and cash equivalents, end of the year	\$57,146	\$65,208

See accompanying notes.

Portage Child Care Center
Notes to Financial Statements

1. **Nature of Operations**

Portage Child Care Center is a day care facility, where children are supervised while their parents or guardians are at work. The ages of the children range from as early as 2 years old to as old as 12 years old. As a rule, Portage Child Care Center doesn't usually get many older children, with the oldest children being about 8 years old. Portage Child Care Center is located in Portage, IN and it's customers are from the surrounding communities.

2. **Summary of Significant Accounting Policies**

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, certificates of deposit, savings accounts and cash in the operating checking account.

Available for Sale Securities

The available for sale securities consist of equity securities purchased through a local securities broker.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation.

3. **Investments**

Investments at December 31 are categorized as available for sale securities and are summarized as follows:

	Purchase Price	2008 Fair Value	2007 Fair Value
NIPSCO Stock	59,200.00	35,104.00	60,448.00
Amoco Stock	50,025.00	89,600.58	139,576.77
Gymboree Stock	1,982.50	4,531.80	3,959.80
Total	111,207.50	129,236.38	203,984.57

4. **Property and Equipment**

Property and Equipment at December 31 is as follows:

	<u>2008</u>	<u>2007</u>
Land	17,000.00	17,000.00
Vehicles	46,456.50	46,456.50
Equipment	27,724.52	35,833.43
Building	135,749.71	135,749.71
Building Improvements	69,171.95	62,871.95
Lot	<u>3,973.85</u>	<u>3,973.85</u>
	300,076.53	301,885.44
Less accumulated depreciation	<u>213,550.96</u>	<u>213,558.13</u>
Total Property and Equipment, net	86,525.57	88,327.31

5. **State and local grant awards**

During 2008 and 2007, Portage Child Care Center received the following awards from various agencies in the State of Indiana:

	<u>2008</u>	<u>2007</u>
Indiana Family and Social Services Administration, Division of Family Resources/ Bureau of Child Care	184,670.31	186,592.44
Indiana Department of Education	47,194.53	42,549.59
Total Government Funding	231,864.84	229,142.03

E/J FINANCIAL & Computer Services, Inc.

September 21, 2009

Patti Griffin
Portage Child Care Center
6078 Robbins Road
Portage, IN 46368

Dear Patti,

In planning and performing our audit of the financial statements of Portage Child Care Center as of and for the years ended December 31, 2008 and 2007, in accordance with generally accepted government auditing standards, we considered Portage Child Care Center's compliance with laws and regulations and internal control over financial reporting (internal control) 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of Portage Child Care Center's internal control.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity's internal control.

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

This communication is intended solely for the information and use of management, the Board of Directors, and the Indiana State Board of Accounts and is not intended to be and should not be used by anyone other than these specified parties.

E/J Financial & Computer Services, Inc.

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September 21, 2009

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