



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B38341

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

January 13, 2011

Board of Directors
El Campito, Inc.
1024 W. Thomas St.
South Bend, IN 46601

We have reviewed the audit report prepared by Jurgonski & Fredlake, CPAs, Independent Public Accountants, for the period January 1, 2008 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 El Campito, Inc., as of December 31, 2008, and the results of its operations for the period 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

EL CAMPITO, INC.
FINANCIAL REPORT
DECEMBER 31, 2008 AND 2007

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Statements of financial position	2
Statements of activities	3-4
Statements of functional expenses	5-6
Statements of cash flows	7
Notes to financial statements	8-10

Jurgonski & Fredlake CPAs

418 W. Jefferson Blvd., South Bend, Indiana 46601

Office (574) 251-1414
Fax (574) 251-1477

Greg Jurgonski
John A. Fredlake

INDEPENDENT AUDITOR'S REPORT

Board of Directors of
El Campito, Inc.
South Bend, Indiana

We have audited the accompanying statements of financial position of El Campito, Inc. (a not for profit Organization) (the Organization) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years 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 audits.

We conducted our audits 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 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 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 El Campito, Inc., as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Jurgonski & Fredlake CPAs

South Bend, Indiana
May 21, 2009

EL CAMPITO, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2008 and 2007

ASSETS

	2008	2007
Current assets		
Cash	\$ 38,454	\$ 12,422
Accounts receivable	87,692	72,972
Prepaid insurance	2,951	2,788
Total current assets	129,097	88,182
 PROPERTY AND EQUIPMENT		
Land and building improvements	150,000	150,000
Building	250,000	250,000
Furniture and equipment	50,812	44,161
Total property and equipment	450,812	444,161
Less accumulated depreciation	(94,470)	(76,650)
Property and equipment, net	356,342	367,511
Total assets	\$ 485,439	\$ 455,693

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 19,614	\$ 38,875
Current portion of capital lease	1,139	
Total current liabilities	20,753	38,875
Capital lease obligations	4,588	
Total liabilities	25,341	38,875
 NET ASSETS		
Unrestricted net assets		
Learning Center	247,637	109,777
Parent Center	19,338	43,752
General and administrative	138,623	215,972
Total unrestricted net assets	405,598	369,501
Temporarily restricted net assets	54,500	47,317
Total net assets	460,098	416,818
Total liabilities and net assets	\$ 485,439	\$ 455,693

See Notes to Financial Statements.

EL CAMPILO, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

PUBLIC SUPPORT AND REVENUE	Unrestricted						Total
	Toddlers	Preschool	After School	Parents as Teachers	General and Administrative	Temporarily Restricted	
PUBLIC SUPPORT:							
Voucher	\$ 94,116	\$ 94,793	\$ 46,534	\$	\$ 98	\$	235,541
Tuition	14,478	9,152	2,282		15		25,927
Contract	23,475	19,284	8,546				51,305
Food Program	12,838	19,293	5,007		15		37,153
4C's	7,002	5,345	6,396				18,743
Unfunded tuition	5,806	9,494	1,508				16,808
United Way of St. Joseph County, Inc.				6,750	47,750	54,500	109,000
Real Services				21,898			21,898
Scholarship					14,700		14,700
Special events					3,011		3,011
United Way of St. Joseph County, Inc., donor choice					2,849		2,849
Miscellaneous income					1,844		1,844
Contributions					9,287		9,287
Net assets released from restriction					47,317	(47,317)	
Total public support	157,715	157,361	70,273	28,648	126,886	7,183	548,066
EXPENSES							
Change in net assets	102,624	115,505	29,360	53,062	204,235		504,786
Net assets, beginning of year	55,091	41,856	40,913	(24,414)	(77,349)	7,183	43,280
Net assets, end of year	67,749	8,570	33,458	43,752	215,972	47,317	416,818
	\$ 122,840	\$ 50,426	\$ 74,371	\$ 19,338	\$ 138,623	\$ 54,500	\$ 460,098

EL CAMPITO, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

PUBLIC SUPPORT AND REVENUE	Unrestricted						Total
	Toddlers	Preschool	After School	Parents as Teachers	General and Administrative	Temporarily Restricted	
PUBLIC SUPPORT:							
Voucher	\$ 63,900	\$ 60,804	\$ 27,998	\$	\$	\$	\$ 152,702
Tuition	24,772	16,472	6,835		52		48,131
Contract	14,210	23,514	3,255		(632)		40,347
Food Program	11,365	18,962	4,010				34,337
4C's	5,404	4,016	12,911				22,331
Unfunded tuition	13,438	9,467	4,208				27,113
United Way of St. Joseph County, Inc.				13,317	34,000	47,317	94,634
Real Services				31,450			31,450
Scholarship					8,025		8,025
Special events					5,013		5,013
United Way of St. Joseph County, Inc. donor choice					4,594		4,594
Miscellaneous income					2,050		2,050
Contributions					2,108		2,108
Net assets released from restriction					72,030	(72,030)	
Total public support	133,089	133,235	59,217	44,767	127,240	(24,713)	472,835
EXPENSES							
Change in net assets	111,892	124,665	25,759	59,737	197,760		519,813
Net assets, beginning of year	21,197	8,570	33,458	(14,970)	(70,520)	(24,713)	(46,978)
Net assets, end of year	67,749	8,570	33,458	43,752	215,972	47,317	416,818

EL CAMPITO, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2008

	Toddlers	Preschool	After School	Parents as Teachers	General and Administrative	Total
Salaries and wages	\$ 77,937	\$ 79,722	\$ 20,515	\$ 38,644	\$ 115,318	\$ 332,136
Payroll taxes	6,081	6,228	1,483	3,082	9,806	26,680
Supplies - food	9,074	14,570	2,584	22	3,719	29,969
Staff development	768	1,120	662	63		2,613
Supplies - educational	1,091	1,592	942	29		3,654
Field trips		55	55		111	221
Employee benefits	1,867	2,724	1,611	1,019		7,221
Conference and meetings				516	993	1,509
Building and ground maintenance				1,111	10,000	11,111
Printing and publishing				18	164	182
Audit services				55	495	550
Bookkeeping				349	3,138	3,487
Computer repair				9	76	85
Equipment rental				343	1,426	1,769
Fundraiser				205	1,845	2,050
Insurance				929	8,361	9,290
Interest expense				185	2,400	2,585
Bank charges				6	59	65
Membership and dues				255	450	705
Mileage				1,278	321	1,599
Miscellaneous				10	337	347
Postage				25	225	250
Security fees				202	1,814	2,016
Supplies - cleaning				521	4,691	5,212
Supplies - office				239	2,149	2,388
Telephone				364	3,271	3,635
Utilities				1,883	16,946	18,829
Unfunded tuition			1,508			16,808
Total expenses before depreciation	102,624	115,505	29,360	51,362	188,115	486,966
Depreciation of property and equipment				1,700	16,120	17,820
Total expenses	\$ 102,624	\$ 115,505	\$ 29,360	\$ 53,062	\$ 204,235	\$ 504,786

EL CAMPITO, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2007

	Toddlers	Preschool	After School	Parents as Teachers	General and Administrative	Total
Salaries and wages	\$ 81,401	\$ 91,712	\$ 15,353	\$ 42,331	\$ 110,735	\$ 341,532
Payroll taxes	6,227	7,090	1,174	3,865	7,556	25,912
Supplies - food	8,486	12,825	2,845	20	1,447	25,623
Staff development	416	635	387	77		1,515
Supplies - educational	607	926	565	263		2,361
Field trips					26	26
Employee benefits	1,317	2,010	1,227	925		5,479
Conference and meetings				1,585	160	1,745
Building and ground maintenance				602	5,421	6,023
Printing and publishing				185	1,662	1,847
Audit services				425	3,820	4,245
Bookkeeping				659	5,933	6,592
Outside services				55	495	550
Computer repair				41	369	410
Equipment rental				425	3,827	4,252
Fundraiser				258	2,320	2,578
Insurance				1,070	9,636	10,706
Interest expense				307	2,760	3,067
Bank charges				34	300	334
Membership and dues				55	614	669
Mileage				2,094	527	2,621
Miscellaneous				17	148	165
Postage				35	319	354
Security fees				108	967	1,075
Supplies - cleaning				521	4,689	5,210
Supplies - office				326	2,931	3,257
Telephone				417	3,757	4,174
Utilities				1,372	12,352	13,724
Unfunded tuition	13,438	9,467	4,208			27,113
Total expenses before depreciation	111,892	124,665	25,759	58,072	182,771	503,159
Depreciation of property and equipment				1,665	14,989	16,654
Total expenses	\$ 111,892	\$ 124,665	\$ 25,759	\$ 59,737	\$ 197,760	\$ 519,813

EL CAMPITO, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 43,280	\$ (46,978)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Depreciation	17,820	16,654
CHANGE IN ASSETS (INCREASE) DECREASE:		
Accounts receivable	(14,720)	11,037
Prepaid insurance	(163)	1,908
CHANGE IN LIABILITIES DECREASE:		
Accounts payable and accrued expenses	(19,261)	(6,741)
Total adjustments	(16,324)	22,858
Net cash provided by (used in) operating activities	26,956	(24,120)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments of capital lease obligation	(924)	
Net cash used in financing activities	(924)	
Net increase (decrease) in cash	26,032	(24,120)
Cash, beginning of year	12,422	36,542
Cash, end of year	\$ 38,454	\$ 12,422
 Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ 2,585	\$ 3,067

In 2008 a capital lease obligation of \$6,651 was incurred when the Organization entered into a lease for office equipment.

EL CAMPITO, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities:

The purpose of El Campito, Inc., (the Organization) is to promote the educational, social and economic success of culturally diverse children and their families by providing quality programs and services to those most in need. To achieve this purpose the Organization operates a pre-school program and day care center for children of low-income families. In addition, the Organization provides a program to help single parents organize their families' lives and achieve self sufficiency.

Their services are funded through contributions, federal governmental grants and program fees.

Significant Accounting Policies:

Basis of Accounting - Revenue and expenses are recorded on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation - Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not for Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Fair Value Measurement - Effective January 1, 2008, the Organization adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 157 "Fair Value Measurements" (SFAS 157). In February 2008, the FASB issued Staff Position No. 157-2, "Effective Date of FASB Statement No. 157", which provides a one year deferral of the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. Therefore, the Organization has adopted the provisions of SFAS 157 with respect to its financial assets and liabilities only and the adoption did not materially impact the financial statements. Management believes the adoption of SFAS 157 for nonfinancial assets and liabilities also will not have a material impact on the financial statements.

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. Accordingly, certain costs have been allocated among the program and supporting service expenses.

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.

EL CAMPITO, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Accounts Receivable – The Organization considers all outstanding balances as of December 31, 2008 and 2007 to be fully collectible. Management closely monitors outstanding balances and writes off, as of year end, all uncollectible balances. No allowance for uncollectible accounts receivable has been recorded.

Contributions - Contributions received are considered to be available for unrestricted use, unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets as net assets released from restrictions.

Property and Equipment – Property and equipment received as a donation are recorded and reflected in the accompanying financial statements at their fair market value as of the date they were received. These donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Purchased property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred while major renewals and betterments are capitalized. When property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations. Depreciation is computed using accelerated and straight line methods over the estimated useful lives of the assets.

Estimated useful lives of the assets are as follows:

Furniture and fixtures	5-10 years
Building	10-20 years
Building improvements	20-40 years

Contributed Service - A number of unpaid volunteers have made significant contributions of their time to the Organization. The value of contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirements for recognition under Statement of Financial Accounting Standards No. 116.

Capital Lease – The cost of a capital lease is included in furniture and equipment. Amortization of this lease is included in depreciation expense. The capitalized cost and accumulated amortization is \$6,651 and \$1,330, respectively at December 31, 2008.

EL CAMPITO, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Income Tax Status

The Organization is a not for profit entity, exempt from federal and state income taxes, pursuant to Section 501(c)(3) of the Internal Revenue Code and a similar section of the Indiana State Law.

Note 3. Support from Major Funding Sources

The Organization receives a substantial amount of its support from federal, state and local agencies. A significant reduction in the level of support, if this were to occur, may have a significant effect on the Organization's programs and activities.

Note 4. Capital Lease Obligation

In January, 2008, the Organization entered into a 60 month capital lease with a financial institution for office equipment. The agreement requires monthly lease payments of \$151, including interest at 12.9%. The equipment serves as collateral. At December 31, 2008 the aggregate minimum commitments under a capital lease are approximately as follows:

2009	\$ 1,812
2010	1,812
2011	1,812
2012	1,812
2013	<u>148</u>
Total	7,396
Less - imputed interest	<u>(1,669)</u>
Capital lease obligation recorded as debt	<u>\$ 5,727</u>

The interest rate on the capitalized lease is imputed at the lessor's implicit rate of return.

Note 5. Fundraising

The Organization received total support from fundraising events totaling \$3,011 and \$5,013, respectively, for the years ended December 31, 2008 and 2007, which is included in special events income on the statement of activities. Fundraising expenses for the years ended December 31, 2008 and 2007 were \$2,050 and \$2,578, respectively.

Note 6. Restrictions on Assets

Temporarily restricted net assets represents assets that are subject to donor imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. Temporarily restricted net assets as of December 31, 2008 are as follows:

United Way of St. Joseph County, Inc.	<u>\$ 54,500</u>
---------------------------------------	------------------