



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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October 18, 2011

Board of Directors
Tippecanoe County Child Care, Inc.
P.O. Box 749
100 Saw Mill Rd., #300
Lafayette, IN 47902

We have reviewed the audit report prepared by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period January 1, 2009 to December 31, 2009. 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 Tippecanoe County Child Care, Inc., as of December 31, 2009, 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.

We call your attention to the findings in the report. Page 20 contains the status of one prior audit finding. Pages 26 and 27 contain one current audit finding.

STATE BOARD OF ACCOUNTS

**Tippecanoe County
Child Care, Inc.**



**Financial Statements
For The Years Ended
December 31, 2009 and 2008
(With Single Audit Section)**



**COMER
NOWLING AND
ASSOCIATES, PC**

Certified Public Accountants

**TIPPECANOE COUNTY CHILD CARE, INC.
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ACCOUNTING (LAUDING)
FINANCIAL STATEMENTS
BUSINESS VALUATIONS
TAX PLANNING
TAX REPRESENTATION

Independent Auditor's Report

To the Board of Directors of
Tippecanoe County Child Care, Inc.
Lafayette, Indiana

We have audited the accompanying statements of financial position of Tippecanoe County Child Care, Inc. (a nonprofit organization) as of December 31, 2009 and 2008, 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 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 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 Tippecanoe County Child Care, Inc. as of December 31, 2009 and 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 06, 2010, on our consideration of Tippecanoe County Child Care, Inc.'s internal control over financial reporting and 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 the financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of The Center of Workforce Innovations, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

Comer, Nowling And Associates, P. C.

Comer, Nowling And Associates, P.C.

May 06, 2010

TIPPECANOE COUNTY CHILD CARE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

ASSETS

	2009		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 116,905	\$ 1,782	\$ 118,687
Accounts receivable	-	-	-
Grants receivable	192,402	-	192,402
Program accounts receivable	103,957	-	103,957
Unconditional promises to give	-	490,308	490,308
Inventory	988	-	988
Prepaid expenses	9,809	-	9,809
Total current assets	<u>424,061</u>	<u>492,090</u>	<u>916,151</u>
Property and equipment:			
Building	748,832	-	748,832
Leasehold improvements	54,657	-	54,657
Equipment, furniture and fixtures	390,527	-	390,527
Accumulated depreciation	(697,281)	-	(697,281)
Total property and equipment	<u>496,735</u>	<u>-</u>	<u>496,735</u>
Other assets:			
Intangible asset - Condo	2,000	-	2,000
Total assets	<u>\$ 922,796</u>	<u>\$ 492,090</u>	<u>\$ 1,414,886</u>

LIABILITIES AND NET ASSETS

Current liabilities:			
Current portion of long term debt	\$ 13,176	\$ -	\$ 13,176
Accounts payable - vendors	30,072	-	30,072
Accounts payable - providers	49,695	-	49,695
Accrued payroll and taxes	153,364	-	153,364
Total current liabilities	<u>246,307</u>	<u>-</u>	<u>246,307</u>
Long-term debt, less current portion:	<u>31,280</u>	<u>-</u>	<u>31,280</u>
Total liabilities	<u>277,587</u>	<u>-</u>	<u>277,587</u>
Net assets:			
Unrestricted	645,209	-	645,209
Temporarily restricted	-	492,090	492,090
Total net assets	<u>645,209</u>	<u>492,090</u>	<u>1,137,299</u>
Total liabilities and net assets	<u>\$ 922,796</u>	<u>\$ 492,090</u>	<u>\$ 1,414,886</u>

See accompanying notes to financial statements.

2008

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 40,724	\$ 137	\$ 40,861
2,088	-	2,088
205,436	-	205,436
96,575	-	96,575
-	525,000	525,000
583	-	583
9,368	-	9,368
<u>354,774</u>	<u>525,137</u>	<u>879,911</u>
748,832	-	748,832
54,657	-	54,657
384,227	-	384,227
(639,599)	-	(639,599)
<u>548,117</u>	<u>-</u>	<u>548,117</u>
2,000	-	2,000
<u>\$ 904,891</u>	<u>\$ 525,137</u>	<u>\$ 1,430,028</u>
\$ 20,203	\$ -	\$ 20,203
73,093	-	73,093
44,697	-	44,697
122,562	-	122,562
<u>260,555</u>	<u>-</u>	<u>260,555</u>
53,966	-	53,966
<u>314,521</u>	<u>-</u>	<u>314,521</u>
590,370	-	590,370
-	525,137	525,137
<u>590,370</u>	<u>525,137</u>	<u>1,115,507</u>
<u>\$ 904,891</u>	<u>\$ 525,137</u>	<u>\$ 1,430,028</u>

TIPPECANOE COUNTY CHILD CARE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Public Support:			
United Way grants and allocations	\$ 1,402	\$ 490,308	\$ 491,710
Contributions	2,972	1,782	4,754
Special events	17,857	-	17,857
	<u>22,231</u>	<u>492,090</u>	<u>514,321</u>
Net assets released from restrictions	<u>525,137</u>	<u>(525,137)</u>	<u>-</u>
Total support from public and net assets released from restrictions	<u>547,368</u>	<u>(33,047)</u>	<u>514,321</u>
Program Services:			
Grants	2,947,695	-	2,947,695
Program fees	572,006	-	572,006
Miscellaneous	12,582	-	12,582
Total program services	<u>3,532,283</u>	<u>-</u>	<u>3,532,283</u>
Other Revenue:			
Interest income	<u>169</u>	<u>-</u>	<u>169</u>
Total support and revenue	<u>4,079,820</u>	<u>(33,047)</u>	<u>4,046,773</u>
Expenses:			
Program services	3,586,539	-	3,586,539
Management and general	430,835	-	430,835
Fundraising	7,607	-	7,607
Total expenses	<u>4,024,981</u>	<u>-</u>	<u>4,024,981</u>
Increase (decrease) in net assets	<u>54,839</u>	<u>(33,047)</u>	<u>21,792</u>
NET ASSETS, BEGINNING OF YEAR	590,370	525,137	1,115,507
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 645,209</u>	<u>\$ 492,090</u>	<u>\$ 1,137,299</u>

See accompanying notes to financial statements.

2008

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 1,259	\$ 525,000	\$ 526,259
15,620	-	15,620
69,027	-	69,027
<u>85,906</u>	<u>525,000</u>	<u>610,906</u>
516,894	(516,894)	-
<u>602,800</u>	<u>8,106</u>	<u>610,906</u>
2,926,419	-	2,926,419
531,092	-	531,092
8,844	-	8,844
<u>3,466,355</u>	<u>-</u>	<u>3,466,355</u>
774	-	774
<u>4,069,929</u>	<u>8,106</u>	<u>4,078,035</u>
3,602,577	-	3,602,577
411,527	-	411,527
6,387	-	6,387
<u>4,020,491</u>	<u>-</u>	<u>4,020,491</u>
49,438	8,106	57,544
567,015	517,031	1,084,046
<u>(26,083)</u>	<u>-</u>	<u>(26,083)</u>
<u>\$ 590,370</u>	<u>\$ 525,137</u>	<u>\$1,115,507</u>

TIPPECANOE COUNTY CHILD CARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Services	Management & General	Fundraising	Total
OPERATING EXPENSES:				
Salaries	\$ 1,902,971	\$ 304,028	\$ 2,745	\$ 2,209,744
Employee benefits	359,548	57,028	242	416,818
Insurance expense	33,745	159	-	33,904
Professional fees and contractual services	38,234	10,632	-	48,866
Supplies	96,176	4,246	1,898	102,320
Food	225,819	-	-	225,819
Occupancy and telephone	204,569	27,713	-	232,282
Printing	13,061	5,528	-	18,589
Postage	4,724	926	88	5,738
Conferences and professional development	10,803	1,927	-	12,730
Travel	28,445	1,483	-	29,928
Dues and licensing	6,770	934	-	7,704
Other expenses	1,710	-	-	1,710
Special projects	1,435	2,079	2,634	6,148
Advertising	34,842	2,690	-	37,532
Miscellaneous expenses	11,073	6,562	-	17,635
Bad debt	8,301	329	-	8,630
Equipment expenses	9,852	27	-	9,879
Payments to home providers	557,432	-	-	557,432
Total program expenses by function prior to GAAP adjustments	3,549,510	426,291	7,607	3,983,408
Capital expenditures	(6,300)	-	-	(6,300)
Depreciation expense	53,138	4,544	-	57,682
Prepaid expenses	(9,809)	-	-	(9,809)
Total operating expenses after GAAP adjustments	<u>\$ 3,586,539</u>	<u>\$ 430,835</u>	<u>\$ 7,607</u>	<u>\$ 4,024,981</u>

See accompanying notes to financial statements.

**TIPPECANOE COUNTY CHILD CARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Services	Management & General	Fundraising	Total
OPERATING EXPENSES:				
Salaries	\$ 1,821,808	\$ 276,763	\$ 338	\$ 2,098,909
Employee benefits	356,361	53,216	29	409,606
Insurance expense	34,370	198	-	34,568
Professional fees and contractual services	35,685	20,021	-	55,706
Supplies	125,327	6,632	1,898	133,857
Food	265,529	-	-	265,529
Occupancy and telephone	209,900	28,952	-	238,852
Printing	16,325	3,350	739	20,414
Postage	6,192	1,394	-	7,586
Conferences and professional development	18,008	2,052	-	20,060
Travel	30,377	686	-	31,063
Dues and licensing	11,713	815	-	12,528
Other expenses	1,086	-	-	1,086
Special projects	4,646	2,291	3,114	10,051
Advertising	23,095	1,632	-	24,727
Miscellaneous expenses	6,837	8,408	-	15,245
Bad debt	12,240	-	-	12,240
Equipment expenses	121,418	2,434	269	124,121
Payments to home providers	543,385	-	-	543,385
Total program expenses by function prior to GAAP adjustments	3,644,302	408,844	6,387	4,059,533
Capital expenditures	(85,527)	-	-	(85,527)
Depreciation expense	53,170	2,683	-	55,853
Prepaid expenses	(9,368)	-	-	(9,368)
Total operating expenses after GAAP adjustments	\$ 3,602,577	\$ 411,527	\$ 6,387	\$ 4,020,491

See accompanying notes to financial statements.

TIPPECANOE COUNTY CHILD CARE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	2009	2008
Change in net assets	\$ 21,792	\$ 31,461
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation expense	57,682	55,853
Increase (decrease) in cash from changes in:		
Accounts receivable	2,088	6,515
Grants receivable	13,034	(23,424)
Program accounts receivable	(7,382)	(1,364)
Unconditional promises to give	34,692	(25,000)
Prepaid expenses	(441)	1,918
Inventory	(405)	180
Accounts payable	(38,023)	(44,023)
Accrued expenses	30,802	46,630
	<hr/>	<hr/>
Net cash provided by operating activities	113,839	48,746
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(6,300)	(85,527)
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(6,300)	(85,527)
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	-	92,342
Principal payments on long-term debt	(29,713)	(88,823)
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	(29,713)	3,519
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 77,826	 (33,262)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 40,861	 74,123
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 118,687	\$ 40,861
	<hr/>	<hr/>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest expense	\$ 4,174	\$ 5,361
	<hr/>	<hr/>

See accompanying notes to financial statements.

TIPPECANOE COUNTY CHILD CARE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of Tippecanoe County Child Care, Inc.'s significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

NATURE OF OPERATIONS

Tippecanoe County Child Care, Inc, (TCCC) (the Organization) is a board governed non-profit organization that provides child care and early care and education services to families in the Greater Lafayette and West Lafayette communities. TCCC also administers programs through The Child Care Resource Network (TCCRN) which provides child care resource and referral services to families, providers and local businesses in Tippecanoe County and an eleven surrounding counties. TCCC also operates two "Cool School" after school programs at two elementary schools in the Lafayette area. The Organization is supported primarily through grants, program fees and the United Way.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

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.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments with original maturities of three months or less when purchased to be cash equivalents. There were no cash equivalents as of December 31, 2009 and 2008.

GRANTS RECEIVABLE

Grants receivable include various federal, state, and local claim amounts owed to the Organization for services provided to the public along with additional grants awarded to the Organization from other sources. A majority of grants receivables are due from government sources. The amount deemed uncollectible is zero. Therefore, no bad debt allowance is considered necessary.

ACCOUNTS RECEIVABLE

Accounts receivable include reimbursements owed to the Organization. Based on collection history, amounts have been deemed as fully collectible and no allowance for uncollectible accounts has been recorded.

TIPPECANOE COUNTY CHILD CARE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – (continued)**

PROGRAM RECEIVABLES

Programs receivable includes program fees owed to the Organization. Programs receivable are charged directly against income when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

REVENUE RECOGNITION

The Organization receives grants from the State of Indiana, and other sources to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the funding sources appropriate records of services provided to eligible individuals and/or expenses incurred. The revenue is recorded when the corresponding expenses are incurred by the Organization. The Organization also provides services to individual families and program revenue is recorded when the services are performed.

INVENTORY

Inventory is stated at the lower of cost or market. Inventory consists of office supplies on hand. Cost is determined using the first- in, first-out method.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. If donated, the cost is the fair market value at the date of receipt. Depreciation expense is calculated using the straight-line method over estimated useful lives. The following is a summary of the lives for each class of asset:

Building	7-40 years
Leasehold Improvements	5-39 years
Equipment	5-7 years
Furniture and fixtures	7-10 years

Maintenance, repairs, and minor renewals are charged to operations as incurred. Improvements and major renewals are capitalized. Upon the sale or disposition of properties, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale. Any resultant gain or loss is credited or charged to operations. Depreciation expense was \$57,682 and \$55,853 for the years ended December 31, 2009 and 2008, respectively. The Organization's policy is to capitalize fixed assets additions that exceed \$2,500.

PROMISES TO GIVE

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 temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

TIPPECANOE COUNTY CHILD CARE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – (continued)**

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. 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. A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Temporarily restricted net assets also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors.

Permanently restricted net assets represent contributions and other inflows of assets whose use by Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization did not have permanently restricted net assets as of December 31, 2009 and 2008.

DONATED GOODS AND SERVICES

The Organization records various types of in-kind support including property and equipment, professional services, and materials. Contributed professional services are recognized if the services either create or enhance long-lived assets, or require specialized skills that would typically need to be purchased if not provided by the donation. Contributions of supplies and

materials are recognized at fair market value when received. There were no in-kind contributions received during 2009 and 2008.

The Organization also receives donations of time from volunteers that do not meet the two recognized criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the financial statements.

TIPPECANOE COUNTY CHILD CARE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

INCOME TAXES

The Organization is a not-for-profit voluntary health and welfare organization incorporated under the laws of the State of Indiana and as such is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a)(1) of the code.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ADOPTION OF NEW ACCOUNTING STANDARDS

Per the applicable requirements, the Organization has elected to defer adoption of *Accounting for Uncertainty in Income Taxes* which permits certain nonpublic enterprises to delay adoption until fiscal years beginning after December 15, 2008.

In the year beginning January, 1, 2009, Tippecanoe County Child Care, Inc. will recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Currently, Tippecanoe County Child Care, Inc. accounts for contingencies associated with certain tax positions based on the probability of certain events to transpire that range from probable to remote as opposed to applying a more likely than not recognition threshold. Tippecanoe County Child Care, Inc. has examined this issue and has determined there are no material contingent tax liabilities.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 06, 2010, which is the date the financial statements were available to be issued.

NOTE 2 – GRANTS RECEIVABLE

For the years ended December 31 2009 and 2008, grants receivable due directly or indirectly from governmental grants consisted of the following:

	<u>2009</u>	<u>2008</u>
School Age Child Care	\$ 8,628	\$ 8,846
Child Development Associate	15,548	3,156
Child and Adult Care Food Program	70,961	64,593
Community Development Block Grants	4,825	15,645
CCDF Resource and Referral	<u>75,445</u>	<u>94,698</u>
Total Governmental Grants Receivable	<u>\$ 175,407</u>	<u>\$ 186,938</u>

TIPPECANOE COUNTY CHILD CARE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 2 – GRANTS RECEIVABLE (continued)

Grants receivable due from other sources consisted of the following:

	<u>2009</u>	<u>2008</u>
Community Foundation of Greater Lafayette	\$ 10,000	\$ 13,498
Lafayette Life Foundation	2,500	5,000
United Way	<u>4,495</u>	<u>-0-</u>
Total Other Grants Receivable	<u>\$ 16,995</u>	<u>\$ 18,498</u>

NOTE 3 – OPERATING LEASES

The Organization leases space for its Centers and its administrative office under leases expiring at various dates through September 2012. Expense for these leases for the year ended December 31, 2009 was \$127,116. Options to extend various leases beyond the lease term exist. The Organization leases the land for the Dennis Burton Center. The cost of this lease is \$1 for a 99-year lease ending in 2081. The facility will revert to the lessor at the completion of the lease term.

The Organization also leases copiers under a lease expiring in March 2013. Expense for office equipment leases for the years ended December 31, 2009 and 2008 was \$6,976 and \$8,835, respectively.

The total annual lease obligations beyond one year for the facilities and equipment under operating leases as of December 31 are as follows:

2010	\$ 140,393
2011	120,368
2012	50,310
2013	1,846
2014	1
Thereafter	<u>68</u>
	<u>\$ 312,986</u>

NOTE 4 – PENSION PLAN

The Organization may make a matching contribution equal to a discretionary percentage of the participants' elected deferrals. For the years ended December 31, 2009 and 2008, the Organization matched fifty cents on every dollar of elected deferrals up to 2% of an employee's wages after one year of service. Pension expense for the years ended December 31, 2009 and 2008 was \$19,988 and \$14,511, respectively.

TIPPECANOE COUNTY CHILD CARE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 5 – LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	<u>2009</u>	<u>2008</u>
Monthly payments of \$1,328, including interest at 6.75%. Due March 2013. Note is unsecured.	\$ 44,456	\$ 56,868
Monthly payments of \$794, including interest at 8.75%. Due July 2011. Note is unsecured.	-0-	17,301
Total long-term debt	<u>44,456</u>	<u>74,169</u>
Less current maturities	<u>(13,176)</u>	<u>(20,203)</u>
	<u>\$ 31,280</u>	<u>\$ 53,966</u>

Aggregate maturities of long-term debt consist of the following at December 31:

2010	\$ 13,176
2011	14,107
2012	15,100
2013	<u>2,073</u>
	<u>\$ 44,456</u>

NOTE 6 – CONCENTRATION OF CREDIT RISK AND MAJOR SOURCES OF REVENUE

The Organization's major source of receivables and revenue is federal awards, passed through from state and local agencies. The agreements with these agencies specify that funding is conditional upon the availability of funds from federal sources. During 2009 and 2008, the Organization received 42.5% and 45.7%, respectively, in grants and program fees of its total revenue directly and indirectly from the State of Indiana Family Social Services Administration (IFSSA) and the Indiana Department of Education.

The Organization places its cash in accounts with a local financial institution. At times such accounts may be in excess of FDIC insured limits. As of December 31, 2009 and 2008, the Organization did not have deposits in excess of FDIC limits.

TIPPECANOE COUNTY CHILD CARE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 7 – COLLABORATION AGREEMENT

The Organization enters into yearly collaboration agreements with another not-for-profit organization. This allows for both organizations to share personnel and operating costs to help minimize costs. Reimbursed costs of personnel and other operating costs utilized in this collaboration agreement from the other organization amounted to \$939 and \$4,104 for the years ended December 31, 2009 and 2008, respectively and are not recorded as Organizational expenses.

The Organization incurred expenses for personnel and other shared operational expense totaling \$24,707 and \$35,805 for the years ended December 31, 2009 and 2008, respectively, in connection with the collaboration agreements.

The Organization also has a yearly contract to provide Early Head Start services at one child care educational site for the nonprofit collaborator. This service generated revenue totaling \$100,151 and \$231,907 for the years ended December 31, 2009 and 2008, respectively.

SINGLE AUDIT SECTION

TIPPECANOE COUNTY CHILD CARE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

FEDERAL GRANTOR AGENCY	Federal	Grant or	Federal
Passthrough Agency	CFDA	Identifying	Expenditures
Program Title	Number	Number	
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Indiana Department of Education:			
Child and Adult Care Food Program	10.558	(07) 1790155	<u>\$ 841,864</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Indiana Department of Family and Social Services (FSSA):			
Child Care Development Fund	93.596	79-07-1A-0343-02	227,852
Passed through Indiana Association for Child Care Resource and Referral Association:			
Child Care Development Fund, Resource and Referral	93.596	49-05-87-0491-25	408,397
Passed through Indiana Association of Young Children:			
Child Care Development Fund, CDA Grant	93.596	*	31,181
Sub-total--CFDA 93.596	93.596		<u>636,249</u>
Passed through Community and Family Resource Center:			
Early Head Start	93.600	*	<u>100,151</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through City of West Lafayette:			
Community Development Block Grant	14.218	*	19,605
Passed through City of Lafayette:			
Community Development Block Grant	14.218	*	<u>20,829</u>
Sub-total--CFDA 14.218			<u>40,434</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,618,698</u></u>

* These awards were from pass through agencies and did not have a unique contract number.

See accompanying note to Schedule of Expenditures of Federal Awards.

TIPPECANOE COUNTY CHILD CARE, INC.
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2008

STATE/LOCAL GRANTOR AGENCY	Grant or	State
Passthrough Agency	Identifying	and Local
Program Title	Number	Awards
Indiana Department of Family and Social Services (FSSA):		
Child Care Development Fund	79-07-1A-0343-02	\$ 60,568
School Age Child Care	F1-9-79-03-0343	36,925
Passed through Indiana Association for Child Care Resource and Referral Association:		
Child Care Development Fund, Resource and Referral	49-05-87-0491-25	108,561
Passed through Indiana Association of Young Children:		
Child Care Development Fund, CDA Grant	*	<u>8,288</u>
Total Expenditures of State and Local Grants		<u><u>\$ 214,342</u></u>

* This award was from pass through agency and did not have a unique contract number.

TIPPECANOE COUNTY CHILD CARE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2009

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Tippecanoe County Childcare, Inc. and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

TIPPECANOE COUNTY CHILD CARE, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2009

Finding 2008-1—CFDA # 10.558, Child and Adult Care Food Program (CACFP)--Failure to meet sub-recipient monitoring requirements

Condition: The Child and Adult Care Food Program staff failed to meet monitoring requirements of the day care homes. Of the 66 homes that were active during the year, 15 did not have the required number of monitoring visits.

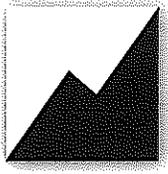
Criteria: 7CFR 226.16(d)(4)(ii) states "Each sponsoring organization shall provide adequate supervisory and operational personnel for the effective management and monitoring of the program at all child care and adult day care facilities under its jurisdiction. At a minimum, such program assistance shall include....(4) Reviews of food service operations to assess compliance with meal pattern, recordkeeping and other Program requirements. Such reviews shall be made not less frequently than:...(ii) Three times each year at each day care home, provided at least one review is made during each day care home's first four weeks of Program operations and not more than six months elapse between reviews."

Recommendation: It is recommended that a monitoring schedule for day care homes continuing in the CACFP be determined in advance and approved by the supervisor. Monthly or quarterly reviews should be completed to determine if the schedule has been met, or whether there are any obstacles hindering the schedule. Additionally the supervisor should review the monitoring reports and ensure any reports with corrective actions have had timely follow-up visits.

Management's Response to Finding: In order to ensure that all monitoring of home providers are completed as required by regulation, the following program has been developed:

- Yearly, the Food Program Coordinator will develop an annual monitoring plan and submit it to the Program Director.
- Monthly, the Food Program Coordinator will submit a report of all completed home monitor visits to the Program Director, who in turn will compare the monthly report to the annual monitoring plan.
- Quarterly, the Program Director will submit to the Executive Director a report detailing the results of the quarter's home monitor visits to the annual monitoring plan with an explanation of any differences noted.

Auditor's Assessment of Current Status: A monitoring schedule for home daycare providers was implemented with oversight from the Program Director and Executive Director. However, clerical errors and an incorrect interpretation of the monitoring requirements created errors in 2009. These errors resulted in Finding FA-2009-01 in the audit report for the year ending December 31, 2009.



**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
Tippecanoe County Childcare, Inc.
Lafayette, Indiana

We have audited the financial statements of Tippecanoe County Childcare, Inc. (a nonprofit organization), as of and for the year ended December 31, 2009, and have issued our report thereon dated May 06, 2010. 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 Tippecanoe County Childcare, Inc.'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.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the second 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tippecanoe County Childcare, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 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, others within the organization, and 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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

May 06, 2010



BUSINESS PLANNING
FINANCIAL STATEMENTS
BUSINESS VALUATIONS
TAX PLANNING
TAX PREPARATION

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Tippecanoe County Childcare, Inc.
Lafayette, Indiana

Compliance

We have audited the compliance of Tippecanoe County Childcare, Inc. (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2009. Tippecanoe County Childcare, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Tippecanoe County Childcare, Inc.'s management. Our responsibility is to express an opinion on Tippecanoe County Childcare, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tippecanoe County Childcare, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Tippecanoe County Childcare, Inc.'s compliance with those requirements.

In our opinion, Tippecanoe County Childcare, Inc., complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding FA-2009-1.

Internal Control Over Compliance

The management of Tippecanoe County Childcare, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Tippecanoe County

Childcare, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance*, is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as Finding FA-2009-1. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Tippecanoe County Childcare, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Tippecanoe County Childcare, Inc.'s response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the board of directors, management, others within the organization, and 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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

May 06, 2010

TIPPECANOE COUNTY CHILD CARE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2009

Section III – Federal Award Findings and Questioned Costs

Finding FA-2009-1—CFDA # 10.558, Child and Adult Care Food Program (CACFP)--Failure to meet sub-recipient monitoring requirements

Condition: The Child and Adult Care Food Program staff failed to meet monitoring requirements of the day care homes. Of the 72 homes that were active during the year, 12 did not have the required number of monitoring visits or did not have the visit within the required timeframe.

Criteria: 7CFR 226.16(d)(4)(ii) states “Each sponsoring organization shall provide adequate supervisory and operational personnel for the effective management and monitoring of the program at all child care and adult day care facilities under its jurisdiction. At a minimum, such program assistance shall include....(4) Reviews of food service operations to assess compliance with meal pattern, recordkeeping and other Program requirements. Such reviews shall be made not less frequently than:...(ii) Three times each year at each day care home, provided at least one review is made during each day care home’s first four weeks of Program operations and not more than six months elapse between reviews.”

Cause: Attempting to be efficient, the CACFP monitoring staff waited to perform the first visit after the first claim was submitted in order to provide instructions and clarification on the claiming process. This caused some first visits to be made after four weeks. In addition, the monitoring staff misinterpreted the requirement “not more than six months elapse between reviews.” Lastly, a clerical error was made on the monitoring schedule where an unsuccessful monitoring attempt was recorded as completed monitoring visits. In this instance, the three required successful visits were not made to the day care home.

Effect: Administrative funding could be jeopardized if monitoring requirements are not met. 7CFR226.16(e) states “Failure to maintain such records shall be grounds for the denial of reimbursement.”

Recommendation: It is recommended that supervisory reviews include a review of the files to ensure the monitoring visits have been accurately recorded. Staff should be trained to ensure they understand the monitoring requirements and timeframes. Additionally, a column could be added to the monitoring spreadsheet to show the start date to ensure the four week visit is made timely.

Management’s Corrective Action Plan:

Tippecanoe County Child Care, Inc. is submitting this plan of corrective action which addresses the finding of the CACFP home providers audit conducted during the week of March 29, 2010 by Comer Nowling and Associates P.C.

Three Visits per Year Requirement: The Food Program Coordinator will review the actual completed monitor reviews and compare them with the monitoring report spreadsheet at the beginning of each quarter to ensure that the monitors have been entered to the monitoring report spreadsheet accurately.

**TIPPECANOE COUNTY CHILD CARE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2009**

Finding FA-2009-1 (continued)

First Visit Within 4 Week Requirement: Effective immediately, monitoring staff will complete a monitor review of new providers within the first four weeks of participation under our sponsorship.

The monitoring report spreadsheet now includes the start date of new providers.

The Food Program Coordinator will document in the provider's file when a provider fails to begin program participation on the contract start date.

Six Month Lapse between Monitoring Visits: New procedures include:

- At the beginning of each contract year, the Food Program Coordinator will develop an annual monitoring plan and will submit it to the Program Director for approval.
- The Food Program Coordinator will submit a report of all completed home monitor visits to the Program Director each month.
- A checklist was developed and is being used, effective immediately, as a tool by the Program Director to review the monthly monitor report.
- At the end of each quarter, the Food Program Coordinator will submit a report of all completed home monitor visits to the Executive Director.
- At the end of each quarter, the Program Director will submit to the Executive Director a report detailing the results of the home monitor visits for the quarter.
- All staff who work with CACFP home providers will receive annual training on the CACFP monitoring requirements and regulations for home providers.