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November 3, 2011

Board of Directors  
Community Alliance and Services  
for Young Children, Inc.  
1101 S. 13<sup>th</sup> 2<sup>nd</sup> Floor  
Terre Haute, IN 47802

We have reviewed the audit report prepared by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period October 1, 2008 to September 30, 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 Community Alliance and Services for Young Children, Inc., as of September 30, 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.

STATE BOARD OF ACCOUNTS

**Community Alliance and  
Services For Young  
Children, Inc.**

**Financial Statements  
For The Years Ended  
September 30, 2009 and 2008  
(With Single Audit Section)**



*Certified Public  
Accountants*

# COMMUNITY ALLIANCE AND SERVICES FOR YOUNG CHILDREN, INC.

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PROFITABLE PLANNING  
FINANCIAL STATEMENTS  
BUSINESS VALUATIONS  
TAX PLANNING  
TAX PREPARATION

## Independent Auditor's Report

Board of Directors  
Community Alliance and Services For Young Children, Inc.  
Terre Haute, Indiana

We have audited the accompanying statements of financial position of Community Alliance and Services For Young Children, Inc. (a nonprofit organization) as of September 30, 2009 and 2008, and the related statements of activities and changes in net assets, 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 Community Alliance and Services For Young Children, Inc. as of September 30, 2009 and 2008, and the changes in its net assets and cash flows for the years then ended in conformity accounting principles generally accepted in the United States of America..

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2010, on our consideration of Community Alliance and Services For Young Children, 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 or on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Community Alliance and Services For Young Children, 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 audit 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.

April 28, 2010

**COMMUNITY ALLIANCE AND SERVICES  
FOR YOUNG CHILDREN, INC.  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2009 AND 2008**

	<b>ASSETS</b>	
	<u>2009</u>	<u>2008</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 79,885	\$ 58,412
Investments - certificates of deposit	25,642	24,823
Grants receivable	291,666	288,472
Prepaid expenses	3,796	3,930
Total current assets	400,989	375,637
<b>PROPERTY AND EQUIPMENT:</b>		
Property and equipment, net of accumulated depreciation	38,214	19,017
Total assets	\$ 439,203	\$ 394,654
<b>LIABILITIES AND UNRESTRICTED NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 178,872	\$ 180,906
Accrued payroll and payroll expenses	24,581	22,852
Note payable	-	188
Total liabilities	203,453	203,946
<b>UNRESTRICTED NET ASSETS</b>	235,750	190,708
Total liabilities and unrestricted net assets	\$ 439,203	\$ 394,654

See accompanying notes to financial statements.

**COMMUNITY ALLIANCE AND SERVICES  
FOR YOUNG CHILDREN, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

<b>UNRESTRICTED NET ASSETS</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Support</b>		
United Way allocations	\$ 10,375	\$ 13,206
Contributions	775	3,883
Total support	<u>11,150</u>	<u>17,089</u>
<b>Revenue</b>		
Federal grants	2,626,976	2,479,921
Memberships	2,134	2,880
Program service fees	3,750	2,700
Interest income	1,219	1,149
Other income	18,858	20,601
Total revenue	<u>2,652,937</u>	<u>2,507,251</u>
Total support and revenue	<u>2,664,087</u>	<u>2,524,340</u>
<b>Operating Expenses:</b>		
Child and Adult Care Food Program (CACFP)	1,744,305	1,663,793
Child and Adult Care Food Program (CACFP-RM)	118,790	91,216
Resource and Referral Child Care Development Block Grant (R&R)	104,132	98,292
Better Baby Care	49,317	44,141
Inclusion	22,712	23,667
Child Care and Development Fund (CCDF)	213,872	220,776
Paths to Quality - Mentoring	136,070	96,373
United Way allocation	5,408	2,227
Non traditional CDA	33,415	-
Other	-	32,729
Management and general	191,024	231,267
Total operating expenses	<u>2,619,045</u>	<u>2,504,481</u>
Increase (decrease) in net assets	45,042	19,859
<b>UNRESTRICTED NET ASSETS, AT BEGINNING OF YEAR</b>	<u>190,708</u>	<u>170,849</u>
<b>UNRESTRICTED NET ASSETS, AT END OF YEAR</b>	<u>\$ 235,750</u>	<u>\$ 190,708</u>

See accompanying notes to financial statements.

**COMMUNITY ALLIANCE AND SERVICES  
FOR YOUNG CHILDREN, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>CACFP</u>	<u>CACFP-RM</u>	<u>R &amp; R</u>	<u>Better Baby Care</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	\$ 72,907	\$ 5,699	\$ 60,078	\$ 32,124
Employee benefits	6,799	63	3,433	2,677
Payroll taxes	6,359	377	5,702	2,685
CACFP - direct service	1,582,983	105,463	-	-
Educational materials	461	-	1,280	83
Provider resources	5,555	-	3,753	2,693
Accounting	372	-	-	-
Technology	5,995	1,288	3,202	673
Telecommunications	2,961	-	2,515	779
Postage and supplies	14,745	3,640	5,958	921
Occupancy	4,203	-	1,486	837
Equipment leases and maintenance	5,061	54	6,543	2,405
Staff related expenses	13,953	2,206	7,011	2,126
Van expense	-	-	-	-
Other administrative expenses	15,285	-	890	629
Depreciation and equipment expense	6,666	-	2,281	685
Insurance	-	-	-	-
Total program expenses by function prior to GAAP adjustment	<u>1,744,305</u>	<u>118,790</u>	<u>104,132</u>	<u>49,317</u>
Capital expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses after GAAP adjustment	<u>\$ 1,744,305</u>	<u>\$ 118,790</u>	<u>\$ 104,132</u>	<u>\$ 49,317</u>

See accompanying notes to financial statements.

Inclusion	CCDF	Paths to Quality-Mentoring	United Way	Non Traditional CDA	Management and General	2009 Totals
\$ 15,897	\$ 99,192	\$ 89,496	\$ -	\$ 19,214	\$ 119,011	\$ 513,618
1,540	5,888	8,748	400	1,261	6,494	37,303
1,329	7,871	7,707	-	1,594	9,469	43,093
-	-	-	-	-	-	1,688,446
45	-	85	-	1,743	-	3,697
180	4,353	1,550	1,703	4,937	(530)	24,194
-	-	-	-	-	35,607	35,979
370	4,250	1,845	81	147	4,891	22,742
264	4,348	2,024	-	126	1,345	14,362
465	23,591	4,165	340	268	630	54,723
415	7,260	2,533	-	134	(2,075)	14,793
161	7,421	1,279	-	1,393	6,088	30,405
1,257	12,017	8,416	2,007	1,834	152	50,979
-	15	-	-	-	1,833	1,848
349	27,989	6,520	877	253	8,775	61,567
440	9,677	1,702	-	511	16,812	38,774
-	-	-	-	-	10,141	10,141
22,712	213,872	136,070	5,408	33,415	218,643	2,646,664
-	-	-	-	-	(27,619)	(27,619)
<u>\$ 22,712</u>	<u>\$ 213,872</u>	<u>\$ 136,070</u>	<u>\$ 5,408</u>	<u>\$ 33,415</u>	<u>\$ 191,024</u>	<u>\$ 2,619,045</u>

**COMMUNITY ALLIANCE AND SERVICES  
FOR YOUNG CHILDREN, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>CACFP</u>	<u>CACFP-RM</u>	<u>R &amp; R</u>	<u>Better Baby Care</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	\$ 75,581	\$ 5,625	\$ 53,167	\$ 29,756
Employee benefits	6,813	-	3,521	2,760
Payroll taxes	6,501	473	4,802	2,615
CACFP - direct service	1,512,217	81,491	-	-
Educational materials	428	-	647	52
Provider resources	2,954	160	3,161	815
Accounting	310	-	-	-
Technology	9,076	2,468	2,445	488
Telecommunications	4,480	-	3,282	1,071
Postage and supplies	16,372	208	5,405	1,167
Occupancy	11,296	-	5,085	1,973
Equipment leases and maintenance	2,870	394	6,708	1,013
Staff related expenses	10,751	392	6,909	1,843
Van expense	108	-	-	-
Other administrative expenses	1,756	5	1,450	314
Depreciation and equipment expense	2,280	-	1,208	274
Insurance	-	-	502	-
<b>Total program expenses by function prior to GAAP adjustment</b>	<b>1,663,793</b>	<b>91,216</b>	<b>98,292</b>	<b>44,141</b>
Capital expenditures	-	-	-	-
<b>Total operating expenses after GAAP adjustment</b>	<b>\$ 1,663,793</b>	<b>\$ 91,216</b>	<b>\$ 98,292</b>	<b>\$ 44,141</b>

See accompanying notes to financial statements.

Inclusion	CCDF	Paths to Quality-Mentoring	United Way	Other	Management and General	2008 Totals
\$ 13,548	\$ 111,412	\$ 61,406	\$ -	\$ 14,676	\$ 130,383	\$ 495,554
2,444	8,793	3,866	-	2,411	7,065	37,673
1,213	10,826	5,674	-	1,263	10,076	43,443
-	-	-	-	-	-	1,593,708
24	539	84	-	2,666	-	4,440
724	644	1,204	1,264	2,555	94	13,575
-	-	-	-	-	33,704	34,014
220	4,476	1,400	-	646	1,649	22,868
469	6,314	3,897	-	660	1,779	21,952
632	20,893	3,995	-	916	1,892	51,480
993	16,271	3,204	-	2,569	1,771	43,162
434	6,286	1,577	-	1,660	14,053	34,995
937	17,179	4,767	-	2,067	4,023	48,868
-	-	-	-	-	2,581	2,689
1,985	16,624	1,693	963	379	10,644	35,813
44	519	3,606	-	261	7,708	15,900
-	-	-	-	-	9,962	10,464
23,667	220,776	96,373	2,227	32,729	237,384	2,510,598
-	-	-	-	-	(6,117)	(6,117)
<u>\$ 23,667</u>	<u>\$ 220,776</u>	<u>\$ 96,373</u>	<u>\$ 2,227</u>	<u>\$ 32,729</u>	<u>\$ 231,267</u>	<u>\$ 2,504,481</u>

**COMMUNITY ALLIANCE AND SERVICES  
FOR YOUNG CHILDREN, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 45,042	\$ 19,859
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	8,422	6,786
Increase (decrease) in cash from changes in:		
Grants receivable	(3,194)	(35,061)
Other assets	134	1,460
Accounts payable	(2,034)	36,583
Accrued payroll and payroll expenses	1,729	13,637
	<hr/>	<hr/>
Net cash provided by operating activities	50,099	43,264
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(27,619)	(6,117)
Interest on certificates of deposit	(819)	(738)
	<hr/>	<hr/>
Net cash used in investing activities	(28,438)	(6,855)
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on auto loan	(188)	(2,187)
	<hr/>	<hr/>
Net cash used in financing activities	(188)	(2,187)
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	21,473	34,222
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	58,412	24,190
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 79,885	\$ 58,412
	<hr/> <hr/>	<hr/> <hr/>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 9	\$ 87
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

**COMMUNITY ALLIANCE AND SERVICES  
FOR YOUNG CHILDREN, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008**

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF OPERATIONS**

Community Alliance and Services For Young Children, Inc. (the “Organization”) promotes developmentally appropriate early education and quality care for children throughout the Organization’s service delivery area in west central Indiana. The Organization is proud to provide a resilient support system that educates, advocates and facilitates programs and services for child care providers, educators, early childhood professionals, families, and community.

**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.

**REVENUE RECOGNITION**

The Organization receives grants from the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals. Revenues under the contracts are recognized as funds are received.

**GRANTS RECEIVABLE**

The grants receivable represent amounts receivable for the claims filed and awaiting payment. Grants receivables are due from government sources and therefore no allowance for uncollectible accounts is considered necessary.

**INVESTMENTS**

The Organization’s investments consist of certificate of deposit with initial maturities of longer than 3 months. The investments are carried at fair value.

**PROPERTY AND EQUIPMENT**

The Organization follows the practice of capitalizing all expenditures in excess of \$500 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided using the straight-line method over estimated useful lives of three to ten years. The following is a summary of the lives for each class of asset:

Leasehold improvements	10 years
Vehicles	7 years
Computers and equipment	5 - 7 years
Furniture	7 years
Software	3 years

**COMMUNITY ALLIANCE AND SERVICES  
FOR YOUNG CHILDREN, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008**

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

**PROPERTY AND EQUIPMENT (continued)**

When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred.

**CASH AND CASH EQUIVALENTS**

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**CONCENTRATION OF CREDIT RISK**

The Organization's cash and cash equivalents are on deposit with three financial institutions having branches in the local area. Each account is insured by the FDIC for up to \$250,000 and \$100,000 for the years ended September 30, 2009 and 2008, respectively. At various times throughout the year, the Organization maintained balances in excess of the insured limits.

**INCOME TAX STATUS**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

**FINANCIAL STATEMENT PRESENTATION**

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.

**COMMUNITY ALLIANCE AND SERVICES  
FOR YOUNG CHILDREN, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008**

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

**FINANCIAL STATEMENT PRESENTATION (continued)**

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 the 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.

As of September 30, 2009 and 2008, the Organization did not have temporarily restricted or permanently restricted net assets.

**CONTRIBUTIONS**

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

**CONTRIBUTED SERVICES**

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requires specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

**COMMUNITY ALLIANCE AND SERVICES  
FOR YOUNG CHILDREN, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008**

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

**USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**GOVERNMENT GRANTS**

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as funds are received. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected as refundable advances on the statements of financial position.

**EXPENSE ALLOCATION**

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

**ADOPTION OF NEW ACCOUNTING STANDARDS**

For the year ended September 30, 2009, the Organization adopted the accounting policy to 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.

**SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 28, 2010, which is the date the financial statements were available to be issued.

**COMMUNITY ALLIANCE AND SERVICES  
FOR YOUNG CHILDREN, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008**

**NOTE 2 – GRANTS RECEIVABLE**

The Organization's grant receivables as of September 30, 2009 and 2008, consisted of the following:

	<u>2009</u>	<u>2008</u>
CACFP	\$ 161,651	\$ 177,907
CCDF	49,776	25,140
R&R	74,979	78,399
INAEYC	<u>5,260</u>	<u>7,026</u>
Total	<u>\$ 291,666</u>	<u>\$ 253,411</u>

**NOTE 3 – PROPERTY AND EQUIPMENT**

The Organization's property and equipment are as follows at September 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Leasehold improvements	\$ 12,775	\$ -0-
Vehicle	13,700	13,700
Computers and equipment	32,484	27,205
Furniture	9,565	-0-
Software	<u>11,795</u>	<u>11,795</u>
	80,319	52,699
Accumulated depreciation	<u>(42,104)</u>	<u>(33,682)</u>
	<u>\$ 38,214</u>	<u>\$ 19,017</u>

Depreciation expense was \$8,422 and \$6,786 for the years ended September 30, 2009 and 2008, respectively.

**NOTE 4 – NOTE PAYABLE**

The Organization obtained a note payable with Old National Bank in the amount of \$10,000 to purchase an agency vehicle. The agreement was entered into on October 31, 2003 and matured on October 30, 2008. The monthly payments were \$188 and the interest rate was 4.75% per annum. The amount owed on this loan amounted to \$188 as of September 30, 2008. The loan was paid off as of September 30, 2009.

**COMMUNITY ALLIANCE AND SERVICES  
FOR YOUNG CHILDREN, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008**

**NOTE 5 – OPERATING LEASES**

During the year ended September 30, 2008, the Organization moved to a new location and signed a new annual sub-lease arrangement. The new monthly payment is \$1,000 which includes utilities. Rental expense for the new and old location included in the statement of activities for the years ended September 30, 2009 and 2008, was approximately \$12,000 and \$30,000, respectively. The lease was for one year and the Organization has the option to renew for subsequent one year terms subject to an annual review by the lessor. The Organization also paid rent for Sullivan, Owen, Morgan, Clay and Brazil county offices, which was approximately \$2,500 for both years.

In addition, the Organization renewed the operating lease for two office copiers, which expire in September 2013. The new monthly lease amount is \$2,204 per month plus cost of excess images. Rental expense for this lease included in the statements of activities for the years ended September 30, 2009 and 2008 was approximately \$26,500, for both years.

The Organization also leases a mailing machine under an operating lease arrangement which expires in July 2013. The monthly lease amount was \$100 and \$91, for the years ended September 30, 2009 and 2008, respectively. Rental expense for this lease included in the statements of activities for the years ended September 30, 2009 and 2008 was approximately \$1,137 and \$1,092, respectively. Future minimum lease payments on leases having non-cancelable terms beyond September 30, 2009 are as follows:

2010	\$ 27,651
2011	27,651
2012	27,651
2013	20,538
2014	-0-
Thereafter	-0-
	<u>\$ 103,491</u>

**NOTE 6 – EMPLOYEE BENEFITS**

The Organization has a 403(b) defined contribution plan and makes contributions of \$200 per month for each employee eligible to participate in the plan. Contributions to the plan are made for all employees working 37.5 hours or more per week and with at least 90 days of service. Employee benefit expense under this plan was approximately \$34,040 and \$32,562 for the years ended September 30, 2009 and 2008, respectively.

**COMMUNITY ALLIANCE AND SERVICES  
FOR YOUNG CHILDREN, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008**

**NOTE 7 – CONCENTRATIONS**

Approximately 98% of the Organization's support and revenue for the years ended September 30, 2009 and 2008, respectively, was provided by federal grants.

**NOTE 8 - RECLASSIFICATIONS**

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 presentation.

**NOTE 9 - LONG-LIVED ASSETS**

Long-lived assets and certain identifiable intangibles held and used by an entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

**NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Three levels of inputs that may be used to measure fair value are:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

**COMMUNITY ALLIANCE AND SERVICES  
FOR YOUNG CHILDREN, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008**

**NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement the entire fair value measurement in the hierarchy.

The Organization maintains a certificate of deposit, which is classified as a Level 1 investment.

**SINGLE AUDIT SECTION**

**COMMUNITY ALLIANCE AND SERVICES FOR YOUNG CHILDREN, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

<b>FEDERAL GRANTOR AGENCY</b>			
<b>Passthrough Agency</b>			
<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant or Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through the Indiana Department of Education:			
Child and Adult Care Food Program	10.558	1840200	<u>\$ 1,891,117</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through the Indiana Department of Family and Social Services (FSSA):			
CCDF Intake Program	93.596	84-06-34-0612	302,562
ARRA--CCDF Intake Program	93.596	84-06-34-0612	<u>3,150</u>
			305,712
Passed through the Indiana Association of Child Care Resource and Referral (IACCRR):			
Resource and Referral Program	93.596	49-05-87-0491	393,940
Passed through Indiana Department of, Family and Social Services (FSSA) & Indiana Association for the Education of Young Children (IAEYC)			
Indiana Non-Formal Child Development Associate	93.596	SDA-6	<u>36,207</u>
TOTAL CFDA 93.596			<u>735,859</u>
Total Schedule of Expenditures of Federal Awards			<u><u>\$ 2,626,976</u></u>

See accompanying note to Schedule of Expenditures of Federal Awards.

**COMMUNITY ALLIANCE AND SERVICES FOR YOUNG CHILDREN, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2009**

**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Community Alliance and Services for Young Children, 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.

**COMMUNITY ALLIANCE AND SERVICES FOR YOUNG CHILDREN, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED SEPTEMBER 30, 2009**

No matters were reported for the year ended September 30, 2008.



COMMUNITY ALLIANCE AND SERVICES FOR YOUNG CHILDREN, INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
TAX EXEMPT ORGANIZATION

**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  
Community Alliance and Services for Young Children, Inc.  
Terre Haute, Indiana

We have audited the financial statements of Community Alliance and Services for Young Children, Inc. (a nonprofit organization), as of and for the year ended September 30, 2009, and have issued our report thereon dated April 28, 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 Community Alliance and Services for Young Children, Inc.'s 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 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 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 Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization'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 Organization's internal control.

Our consideration of internal control 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 Community Alliance and Services for Young Children, 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.

April 28, 2010



2009 DECEMBER 31 AUDIT  
COMMUNITY ALLIANCE AND SERVICES FOR YOUNG CHILDREN, INC.  
1000 NORTH WASHINGTON  
TERRE HAUTE, INDIANA 46784  
TEL 317.841.3393  
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**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  
Community Alliance and Services for Young Children, Inc.  
Terre Haute, Indiana

Compliance

We have audited the compliance of Community Alliance and Services for Young Children, 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 September 30, 2009. Community Alliance and Services for Young Children, 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 Community Alliance and Services for Young Children, Inc.'s management. Our responsibility is to express an opinion on Community Alliance and Services for Young Children, 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 Community Alliance and Services for Young Children, 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 Community Alliance and Services for Young Children, Inc.'s compliance with those requirements.

In our opinion, Community Alliance and Services for Young Children, Inc., complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of Community Alliance and Services for Young Children, 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 Community Alliance and Services for Young Children, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Community Alliance and Services for Young Children, Inc.'s ability to administer a major federal program such that there is more than a remote likelihood that the Organization's noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Organization's internal control.

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.

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.

April 28, 2010

**COMMUNITY ALLIANCE AND SERVICES FOR YOUNG CHILDREN, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2009**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes  No
- Significant deficiencies identified? Yes  No

Noncompliance material to financial statements noted? Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? Yes  No
- Significant deficiencies identified? Yes  No

Type of auditor’s report issued: Unqualified

Any audit findings disclosed required to be reported in Accordance with Section 510(a) of Circular A-133 Yes  No

Program tested as major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.558	U.S. Department of Agriculture, Child and Adult Food Program
93.596	Department of Health and Human Services, Child Care Development Fund (CCDF), Intake Program
93.596	ARRA—Department of Health and Human Services, Child Care Development Fund (CCDF), Intake Program
93.596	Department of Health and Human Services, Child Care Resource and Referral Program
93.596	Department of Health and Human Services, Education of Young Children

Dollar threshold used to distinguish between type A and type B programs \$300,000

**COMMUNITY ALLIANCE AND SERVICES FOR YOUNG CHILDREN, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2009**

**Section I – Summary of Auditor’s Results (continued)**

Auditee qualified as low-risk auditee?

Yes

No

**Section II – Financial Statement Findings**

There were no financial statement findings for the current year.

**Section III – Federal Award Findings and Questioned Costs**

There were no federal award findings for the current year.