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November 3, 2011

Board of Directors
Woodland Child Development
Center, Inc.
3027 J.F. Mahoney Dr.
Hammond, IN 46323

We have reviewed the audit report prepared by McMahon & 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 Woodlawn Child Development Center, 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.

STATE BOARD OF ACCOUNTS

WOODLAND CHILD DEVELOPMENT
CENTER, INC.

AUDITED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2009
WITH COMPARATIVE 2008 TOTALS

WOODLAND CHILD DEVELOPMENT CENTER, INC.

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INDEPENDENT AUDITORS' REPORT

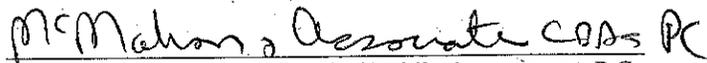
Board of Directors
Woodland Child Development Center, Inc.
Hammond, Indiana

We have audited the accompanying statement of financial position of Woodland Child Development Center, Inc. (a not-for-profit corporation) as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Woodland Child Development Center, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Woodland Child Development Center, Inc.'s 2008 financial statements and, in our report dated May 18, 2009 we expressed an unqualified opinion on those financial statements.

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. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Woodland Child Development Center, Inc., as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2010 on our consideration of Woodland Child Development Center, Inc.'s internal control over financial reporting and on 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 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.


McMahon & Associates Certified Public Accountants, P.C.
Munster, Indiana

April 1, 2010



CERTIFIED PUBLIC ACCOUNTANTS, P.C.
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

Board of Directors
Woodland Child Development Center, Inc.
Hammond, Indiana

We have audited the financial statements of Woodland Child Development Center, Inc. (a nonprofit organization) as of and for the year ended December 31, 2009, and have issued our report thereon dated April 1, 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 Woodland Child Development Center, 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 Woodland Child Development Center, Inc.'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 first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

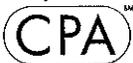
As part of obtaining reasonable assurance about whether Woodland Child Development Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Woodland Child Development Center, Inc. in a separate letter dated April 1, 2010.

This report is intended solely for the information and use of management, the board of directors, others with the entity and the State Board of Accountants, and is not intended to be and should not be used by anyone other than these specified parties.


McMahon & Associates Certified Public Accountants, P.C.
Munster, Indiana

April 1, 2010



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WOODLAND CHILD DEVELOPMENT CENTER, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

(With comparative totals for December 31, 2008)

ASSETS

	<u>2009</u>	<u>2008</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 192,094	\$ 199,886
Child care fees receivable	71,016	63,032
Total current assets	<u>263,110</u>	<u>262,918</u>
<u>LAND, BUILDINGS AND EQUIPMENT (NET)</u>	<u>1,709,093</u>	<u>1,769,644</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,972,203</u>	<u>\$ 2,032,562</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 19,401	\$ 14,917
Accrued payroll and deductions	43,594	39,531
Accrued property taxes	8,499	7,185
Current portion of long-term debt	58,571	52,191
Line of credit	0	4,617
Total current liabilities	<u>130,065</u>	<u>118,441</u>
<u>LONG-TERM DEBT</u>	<u>647,037</u>	<u>703,983</u>
<u>TOTAL LIABILITIES</u>	<u>777,102</u>	<u>822,424</u>
<u>NET ASSETS:</u>		
Unrestricted	1,193,426	1,200,138
Temporarily restricted	1,675	10,000
<u>TOTAL NET ASSETS</u>	<u>1,195,101</u>	<u>1,210,138</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,972,203</u>	<u>\$ 2,032,562</u>

WOODLAND CHILD DEVELOPMENT CENTER, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
(With comparative totals for the year ended December 31, 2008)

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
<u>REVENUE AND SUPPORT:</u>				
<u>PUBLIC SUPPORT:</u>				
Contributions and grants	\$ 22,113	\$ 0	\$ 22,113	\$ 21,263
Child care food program grant	89,345	0	89,345	92,428
Special events	3,869	0	3,869	2,587
Lake Area United Way allocation	50,862	0	50,862	50,952
Total public support	<u>166,189</u>	<u>0</u>	<u>166,189</u>	<u>167,230</u>
<u>REVENUE:</u>				
Program service fees	1,118,604	0	1,118,604	1,188,136
Interest	887	0	887	1,795
Miscellaneous	960	0	960	531
Total revenue	<u>1,120,451</u>	<u>0</u>	<u>1,120,451</u>	<u>1,190,462</u>
Revenue and support	<u>1,286,640</u>	<u>0</u>	<u>1,286,640</u>	<u>1,357,692</u>
<u>OTHER INCOME (EXPENSES):</u>				
Program expenses	1,161,944	8,325	1,170,269	1,211,233
Management and general expenses	130,166	0	130,166	152,266
Fundraising	1,242	0	1,242	3,777
Total other income (expenses)	<u>1,293,352</u>	<u>8,325</u>	<u>1,301,677</u>	<u>1,367,276</u>
DECREASE IN NET ASSETS	(6,712)	(8,325)	(15,037)	(9,584)
NET ASSETS - BEGINNING OF YEAR	<u>1,200,138</u>	<u>10,000</u>	<u>1,210,138</u>	<u>1,219,722</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 1,193,426</u>	<u>\$ 1,675</u>	<u>\$ 1,195,101</u>	<u>\$ 1,210,138</u>

WOODLAND CHILD DEVELOPMENT CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009
(With comparative totals for the year ended December 31, 2008)

	<u>Program Services</u>		<u>Total 2009</u>	<u>Total 2008</u>
	<u>Child Care</u>	<u>Mmgt and Genl Expenses</u>		
Salaries and Related Expenses				
Salaries	\$ 625,969	\$ 85,359	\$ 711,328	\$ 762,093
Employee benefits	58,586	7,989	66,575	71,264
Payroll taxes	48,052	6,552	54,604	61,795
Total salaries and related expenses	<u>732,606</u>	<u>99,901</u>	<u>832,507</u>	<u>895,152</u>
Advertising	16,902	100	17,002	13,757
Conferences and training	2,226	303	2,529	3,862
Contracted services	19,524	2,662	22,186	20,557
Equipment expenses	3,780	329	4,109	5,250
Interest expense	53,737	4,673	58,410	61,670
Local transportation	67	200	266	383
Miscellaneous	7,032	611	7,643	6,017
Occupancy	95,356	8,292	103,648	109,700
Postage	156	468	624	464
Property taxes	11,453	1,562	13,015	11,181
Special assistance to individuals	29,678	0	29,678	29,401
Supplies for classroom and office	12,999	1,773	14,772	12,165
Supplies food	129,016	0	129,016	120,623
Telephone	1,960	1,960	3,919	3,460
Total expenses before depreciation	<u>1,116,491</u>	<u>122,833</u>	<u>1,239,324</u>	<u>1,293,642</u>
Loss on disposal of asset	0	0	0	757
Depreciation and amortization	<u>53,778</u>	<u>7,333</u>	<u>61,111</u>	<u>69,100</u>
TOTAL EXPENSES	<u>\$ 1,170,269</u>	<u>\$ 130,166</u>	<u>\$ 1,300,435</u>	<u>\$ 1,363,499</u>

WOODLAND CHILD DEVELOPMENT CENTER, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009
(With comparative totals for the year ended December 31, 2008)

	<u>2009</u>	<u>2008</u>
<u>OPERATING ACTIVITIES:</u>		
Contributions received	\$ 22,113	\$ 21,263
Program revenue	1,110,620	1,195,355
Grant revenue	89,345	92,428
Lake Area United Way allocation	50,862	50,952
Special events	3,869	2,587
Interest income	887	1,795
Miscellaneous income	960	531
Cash paid for expenses	<u>(1,230,705)</u>	<u>(1,297,728)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>47,951</u>	<u>67,183</u>
<u>CASH FLOWS USED FOR INVESTING ACTIVITIES:</u>		
Sale of equipment	0	5,304
Purchase of equipment	<u>(560)</u>	<u>(9,776)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(560)</u>	<u>(4,472)</u>
<u>CASH FLOWS USED FOR FINANCING ACTIVITIES:</u>		
Mortgage	(50,566)	(47,647)
Line of credit	<u>(4,617)</u>	<u>(1,354)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(55,183)</u>	<u>(49,001)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,792)	13,710
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>199,886</u>	<u>186,176</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 192,094</u>	<u>\$ 199,886</u>

RECONCILIATION OF CHANGES IN NET ASSETS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES

<u>OPERATING ACTIVITIES:</u>		
Decrease in net assets	\$ (15,037)	\$ (9,584)
Add non-cash items		
Depreciation	61,111	69,100
Loss on disposal of asset	0	4,547
Decrease (increase) in assets:		
Child care food program grant	(7,984)	7,219
Increase (decrease) in liabilities:		
Accounts payable	4,484	(7,155)
Accrued payroll and deductions	4,063	4,965
Accrued property taxes	<u>1,314</u>	<u>(1,909)</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 47,951</u>	<u>\$ 67,183</u>

WOODLAND CHILD DEVELOPMENT CENTER, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Woodland Child Development Center, Inc. is a non-profit agency in Northwest Indiana that provides quality childcare and early learning programs for families with infants through twelve years of age. The program is accredited by the National Association for the Education of Young Children.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting, which is used for both income tax and financial reporting purposes.

Financial Statement Presentation - The Organization has adopted Financial Accounting Standards Board's Accounting Standards Codification (ASC) 958-205, which provided guidance to reporting on not-for-profit organizations. Under ASC 958-205, 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. Contributions whose restrictions are met in the same period as the recognition of the contribution are considered unrestricted for reporting purposes. There were no permanently restricted net assets at December 31, 2009. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Use of Estimates in Preparation of Financial Statements - The preparation of financial statements in conformity with generally accepted accounting principles 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 of revenues and expenses during the reporting period.

Cash and Cash Equivalents - Cash and cash equivalents as presented on the accompanying statement of financial position and statement of cash flows, includes cash on hand and deposits in interest bearing and non-interest bearing accounts in financial institutions. Cash equivalents consist of highly liquid accounts with original maturities of 90 days or less. Certificates of deposit and other securities with original maturities over 90 days are classified as short-term investments and stated at cost, which approximates market value.

WOODLAND CHILD DEVELOPMENT CENTER, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Concentration of Credit Risk - The Organization occasionally has balances in bank accounts that exceed federally insured limits.

Child Care Food Program Grant - The Organization records the child care revenue when it is earned. Reimbursement through the state voucher program is recorded as a receivable when it is earned. Uncollectable receivables are directly written off. These amounts are generally immaterial.

Land, Buildings, and Equipment - The Organization capitalizes expenses with an expected useful life of more than one year, as determined by management. The fair market value of donated assets is also capitalized. Depreciation expense is computed using straight-line methods over the estimated useful life of the assets. When assets are retired or otherwise disposed of, the cost of related accumulated depreciation are removed from the accounts and any gain or loss resulting from the transactions is recognized as income for the period. The cost of repairs and maintenance is charged to income as incurred; significant renewals and betterments are capitalized.

Income Taxes - Woodland Child Development Center, Inc. is a not-for-profit corporation organized under the laws of the State of Indiana. The Internal Revenue Service has given the Organization a favorable determination under Section 501 (c) (3) of the Internal Revenue Code, exempting the Organization from taxation.

Contributed (In-Kind) Services, Materials, and Facilities - Certain contributed services, food, household supplies and facilities are recorded support and expensed at fair market value when determinable, otherwise at values indicated by the donor. Volunteer services neither create nor enhance non-financial assets and do not require specialized skills, and thus are not recognized as support in the accompanying Statement of Activities. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Organizations' program services.

Compensated Absences - It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Advertising - Advertising costs are included in operating expenses and are expensed as incurred. Advertising expense was \$17,002 for the year ended December 31, 2009.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 1, 2010, the date the financial statements were available to be issued.

WOODLAND CHILD DEVELOPMENT CENTER, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 - LAND, BUILDINGS AND EQUIPMENT

Depreciation expense was \$61,111 for the year ended December 31, 2009.

Land, buildings and equipment consist of the following at December 31, 2009:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 120,205	\$ 0	\$ 120,205
Buildings	1,889,212	329,019	1,560,193
Equipment	189,343	160,648	28,695
Total property and equipment - net	<u>\$ 2,198,760</u>	<u>\$ 489,667</u>	<u>\$ 1,709,093</u>

NOTE 3 - PROFIT SHARING PLAN

The Organization has a profit sharing plan effective January 1, 1993. Employees must meet age and service requirements to be eligible for the profit sharing plan. At December 31, 2009, there are no un-funded retirement plan costs. The Organization made no discretionary contributions during 2009.

NOTE 4 - LEASES

The Organization leases the land on which they are located from the Parks District of the City of Hammond for \$10 per year.

The Organization leases an office copier for \$284 each month, \$3,408 each year through 2011.

NOTE 5 - LINE OF CREDIT

The Organization had a line of credit that expired in 2009. The board of directors did not to renew their line of credit.

WOODLAND CHILD DEVELOPMENT CENTER, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 6 - NOTE PAYABLE

The Organization had the following debt outstanding at December 31, 2009:

Mortgage Loan

Payable to Peoples Bank, bearing interest at 7.75%, due in monthly payments of \$9,081 and one final payment of \$589,866 due January 16, 2012, secured by the building, all the equipment, fixtures, and other property in the building and the leasehold with the Parks Department of the City of Hammond.

	\$ 705,608
Total notes payable	705,608
Less: current portion	<u>58,571</u>
Long - term debt	<u>\$ 647,037</u>

The following are maturities of debt over the next three years:

2010	\$ 58,571
2011	60,956
2012	<u>586,081</u>
Total	<u>\$ 705,608</u>

NOTE 7 - GOVERNMENT FUNDS RECEIVED

The Organization is a contracted provider with the Indiana Family and Social Services Administration to provide day care to eligible participants through the Lake County Child Care Voucher Program. The total funds received for day care were \$699,986. Also, under a contract with the Indiana Family and Social Services Administration, Title XX funds were received for day care in the amount of \$69,686 for 2009.

The Organization provided meals to participants on a paid, reduced, or free basis as part of the U.S. Department of Agriculture through the Indiana Department of Education Child and Adult Food Program. The total funds received under this program were \$89,345 for 2009.

WOODLAND CHILD DEVELOPMENT CENTER, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 8 - INCOME TAX UNCERTAINTIES

The Organization has adopted the provisions of ASC 740-10-25, which requires an organization to disclose any income tax uncertainties, including tax positions, for which it is reasonably possible that the unrecognized tax benefit will significantly change in the next 12 months. The Organization believes that all income tax positions are reasonable and that the total amounts of unrecognized tax benefits will not significantly increase or decrease within 12 months of the reporting date. As a non-profit organization, the entity is exempt from income taxes. The Organization has not recognized any interest or penalties in their December 31, 2009 financial statements.

NOTE 9 - TEMPORARILY RESTRICTED ASSETS

The Organization received a grant from the Anderson Foundation in 2008 that was restricted for the purpose of making The Center earth friendly. In 2009 the Organization spent \$8,325 on items that qualified. At December 31, 2009, the Organization still has \$1,675 in temporarily restricted assets.