



STATE OF INDIANA
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October 16, 2013

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

We have reviewed the audit report prepared by E/J Financial & Computer Services, Inc., Independent Public Accountants, for the period January 1, 2010 to December 31, 2010. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Portage Child Care Center, as of December 31, 2010, 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

**Portage
Child Care
Center**



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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

E/J FINANCIAL & Computer Services Inc.

Independent Auditor's Report

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

We have audited the accompanying balance sheets of Portage Child Care Center as of December 31, 2010 and 2009 and the related statements of income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Please refer to our separate report concerning compliance with laws and regulations and internal control over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Portage Child Care Center as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

E/J Financial & Computer Services, Inc.

December 21, 2011

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

	2010	2009
Assets		
Cash and Cash Equivalents	\$34,484	\$22,784
Available for Sale Securities	149,566	160,422
Property and Equipment (Net)	76,960	81,728
Other Assets	7,991	19,214
Total Assets	\$269,001	\$284,147

Liabilities and Owners Equity

Current Liabilities	\$5,015	\$3,790
Common Stock	1,000	1,000
Unrealized Gain/Loss on Securities Available for Sale	38,358	49,214
Retained Earnings	224,627	230,143
Total Liabilities and Owners Equity	\$269,001	\$284,147

See accompanying notes.

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

	2010	2009
Revenue from Operations	\$429,978	\$432,756
Operating Expenses:		
Compensation and Benefits	254,166	280,498
Operations	144,900	148,996
	<hr/>	<hr/>
Total Operating Expenses	399,066	429,494
Interest and Dividends Income	4,558	9,393
Income Tax Expense	7,986	2,461
Net Income	27,484	10,194
Retained Earnings, beginning of the year	230,143	268,766
Dividends Paid	(33,000)	(48,816)
Retained Earnings, end of the year	\$224,627	\$230,143

See accompanying notes.

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

	2010	2009
Cash Flows from Operating Activities:		
Net Income	\$27,484	\$10,194
Depreciation and Amortization	4,768	4,798
Changes in:		
Other Assets	11,223	399
Current Liabilities	1,225	(937)
Net Cash from operating activities	44,700	14,454
Cash Flows from Investing Activities:		
Purchases of Property and Equipment		
Dividends paid to Owner	(33,000)	(48,816)
Net Cash from investing activities	(33,000)	(48,816)
Net change in cash	11,700	(34,362)
Cash and cash equivalents, beginning of the year	22,784	57,146
Cash and cash equivalents, end of the year	\$34,484	\$22,784

See accompanying notes.

**Portage Child Care Center
Notes to Financial Statements**

1. **Nature of Operations**

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

2. **Summary of Significant Accounting Policies**

Cash and Cash Equivalents

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

Available for Sale Securities

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

On October 11, 2010, Gymboree Corporation announced that they had entered into a definitive agreement merger agreement with Bain Capital, in which Bain Capital will purchase all outstanding shares of Gymboree stock at a price of \$65.40 per share. At the completion of the merger, Gymboree stock will cease trading on The NASDAQ Stock Exchange. Shares not purchased prior to the completion of the merger, were converted, subject to appraisal rights, into the right to receive \$65.40, net to the seller in cash. PCCC had no knowledge of this merger until brought to their attention during the course of this audit, and their shares have not been redeemed as of the date of completion of field work. The converted shares of Gymboree Corporation are being carried on the balance sheet at a value of \$65.40 per share, pending redemption of these shares. We are working with PCCC to get these shares redeemed, and should have this completed by the end of the first quarter of 2012.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation.

3. **Investments**

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

	<u>Purchase Price</u>	<u>2010 Fair Value</u>	<u>2009 Fair Value</u>
NIPSCO Stock	59,200.00	56,384.00	47,104.00
Amoco Stock	50,025.00	84,679.89	107,658.72
Gymboree Stock	1,982.50	8,502.00	5,658.90
Total	111,207.50	149,565.89	160,421.62

4. **Property and Equipment**

Property and Equipment at December 31 is as follows:

	<u>2010</u>	<u>2009</u>
Land	17,000.00	17,000.00
Vehicles	46,456.50	46,456.50
Equipment	27,724.52	27,724.52
Building	135,749.71	135,749.71
Building Improvements	69,171.95	69,171.95
Lot	<u>3,973.85</u>	<u>3,973.85</u>
	300,076.53	300,076.53
Less accumulated depreciation	<u>223,116.70</u>	<u>218,348.96</u>
Total Property and Equipment, net	76,959.83	81,727.57

5. **State and local grant awards**

During 2010 and 2009, Portage Child Care Center received the following awards from various agencies in the State of Indiana:

	<u>2010</u>	<u>2009</u>
Indiana Family and Social Services Administration, Division of Family Resources/ Bureau of Child Care	149,536.88	166,517.40
Indiana Department of Education	48,097.17	46,349.40
Total Government Funding	197,634.05	212,866.80