



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, 2011 to December 31, 2011. 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, 2011, 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, 2011 AND 2010

***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, 2011 and 2010 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, 2011 and 2010, 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.

June 28, 2012

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

	2011	2010
Assets		
Cash and Cash Equivalents	\$47,965	\$34,484
Available for Sale Securities	166,627	149,566
Property and Equipment (Net)	72,220	76,960
Other Assets	48,458	7,991
Total Assets	\$335,270	\$269,001

Liabilities and Owners Equity

Current Liabilities	\$6,466	\$5,015
Common Stock	1,000	1,000
Unrealized Gain/Loss on Securities Available for Sale	55,419	38,358
Retained Earnings	272,385	224,627
Total Liabilities and Owners Equity	\$335,270	\$269,001

See accompanying notes.

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

	2011	2010
Revenue from Operations	\$519,059	\$429,978
Operating Expenses:		
Compensation and Benefits	287,509	254,166
Operations	164,705	144,900
	<hr/>	<hr/>
Total Operating Expenses	452,214	399,066
Interest and Dividends Income	6,170	4,558
Income Tax Expense	18,267	7,986
Net Income	54,748	27,484
Retained Earnings, beginning of the year	224,539	230,143
Dividends Paid	(6,902)	(33,000)
Retained Earnings, end of the year	\$272,385	\$224,627

See accompanying notes.

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

	2011	2010
Cash Flows from Operating Activities:		
Net Income	\$54,748	\$27,484
Depreciation and Amortization	18,858	4,768
Changes in:		
Other Assets	(40,467)	11,223
Current Liabilities	1,363	1,225
Net Cash from operating activities	34,502	44,700
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(14,118)	
Dividends paid to Owner	(6,902)	(33,000)
Net Cash from investing activities	(21,020)	(33,000)
Net change in cash	13,482	11,700
Cash and cash equivalents, beginning of the year	34,484	22,784
Cash and cash equivalents, end of the year	\$47,966	\$34,484

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 its 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 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 last year's 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. As of the end of field work, paperwork was in the hands of Cheryl, Patti Griffin's sister, regarding redemption of these shares.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation.

Other Assets

Portage Child Care Center is in the process of changing ownership from Lois Kemp to Patti Griffin. Lois Kemp is currently being paid the amount of \$3,000.00 per month in connection with the purchase of the business. This amount is being carried on the balance sheet as a receivable from Patti Griffin. The amount due at year end is \$41,600, which includes the beginning balance of \$5,600 plus the \$3,000 per month payments totaling \$36,000.

3. **Investments**

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

	<u>Purchase Price</u>	<u>2011 Fair Value</u>	<u>2010 Fair Value</u>
NIPSCO Stock	59,200.00	76,192.00	56,384.00
Amoco Stock	50,025.00	81,932.58	84,673.89
Gymboree Stock	1,982.50	8,502.00	8,502.00
Total	111,207.50	166,626.58	149,559.89

4. **Property and Equipment**

Property and Equipment at December 31 is as follows:

	<u>2011</u>	<u>2010</u>
Land	17,000.00	17,000.00
Vehicles	46,456.50	46,456.50
Equipment	41,842.45	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>
	314,194.46	300,076.53
Less accumulated depreciation	<u>241,974.37</u>	<u>223,116.70</u>
Total Property and Equipment, net	72,220.09	76,959.83

5. **State and local grant awards**

During 2011 and 2010, Portage Child Care Center received the following awards from various agencies in the State of Indiana:

	<u>2011</u>	<u>2010</u>
Indiana Family and Social Services Administration, Division of Family Resources/ Bureau of Child Care	199,697.26	149,536.88
Indiana Department of Education	55,647.95	48,097.17
Total Government Funding	255,345.21	197,634.05