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May 9, 2008

Board of Directors  
Community Coordinated Child Care  
of Southern Indiana, Inc.  
600 SE Sixth St.  
Evansville, IN 47713

We have reviewed the audit report prepared by Brown, Smith & Settle, LLC, Independent Public Accountants, for the period October 1, 2003 to September 30, 2004. 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 Coordinated Child Care of Southern Indiana, Inc., as of September 30, 2004, 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 13 contains two current audit findings. Page 14 contains the status of one prior audit finding.

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COMMUNITY COORDINATED CHILD CARE OF  
SOUTHERN INDIANA, INC.

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2004

**COMMUNITY COORDINATED CHILD CARE OF  
SOUTHERN INDIANA, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2004**



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Lonny L. Dus  
Stephen L. Reffett  
Myrna Craney  
Larry D. Bitter

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Community Coordinated Child Care of Southern Indiana, Inc.  
5115 Oak Grove Rd Suite A  
Evansville, IN 47715

We have audited the accompanying statement of assets, liabilities, and net assets - modified cash basis of Community Coordinated Child Care of Southern Indiana, Inc. (a non-profit organization) as of September 30, 2004, and the related statement of revenues, expenses, and changes in net assets - modified cash basis for the year 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 audit.

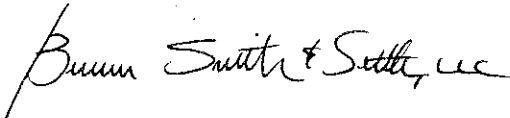
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and 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 our audit provides a reasonable basis for our opinion.

As described in Note 1, the organization prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Community Coordinated Child Care of Southern Indiana, Inc., as of September 30, 2004, and its revenues, expenses and changes in net assets for the year then ended, in conformity with the basis of accounting described in Note 1.

In accordance with "Government Auditing Standards," we have also issued our report dated February 7, 2005, on our consideration of Community Coordinated Child Care of Southern Indiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with governmental auditing standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose 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 respects in relation to the basic financial statements taken as a whole.



Brown, Smith & Settle, LLC  
Certified Public Accountants  
February 7, 2005

COMMUNITY COORDINATED CHILD CARE OF SOUTHERN INDIANA, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	Page 1
FINANCIAL STATEMENTS	
Statement of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis	3
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis	4
Notes to Financial Statements	5
SUPPLEMENTARY INFORMATION	
Schedule of Federal Awards	7
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	8
REPORT ON COMPLIANCE WITH REQUIREMENTS Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	10
Schedule of Findings and Questioned Costs	12
Summary Schedule of Prior Audit Findings	14
Corrective Action Plan	15

**Community Coordinated Child Care of Southern Indiana, Inc.**  
**A Nonprofit Organization**  
**Statement of Revenues, Expenses, and**  
**Changes in Net Assets - Modified Cash Basis**  
**Year Ended September 30, 2004**

<b>REVENUES</b>	
Governmental grants	\$ 698,949
Contributions	4,571
Miscellaneous income	<u>16,299</u>
<b>TOTAL REVENUES</b>	<u>719,819</u>
<b>EXPENSES</b>	
Grant expenses	
Provider reimbursements	305,916
Other direct grant expenses	<u>125,077</u>
Total grant expenses	<u>430,993</u>
Indirect expenses	
Advertising	82
Depreciation	5,179
Dues and subscriptions	910
Insurance	8,099
Miscellaneous	6,099
Office supplies	925
Payroll taxes	16,209
Postage and delivery	3,203
Printing and reproduction	1,621
Professional fees	15,824
Rent	16,800
Repairs and maintenance	8,837
Salaries	185,581
Telephone	2,593
Training	743
Travel	<u>2,005</u>
Total general and administrative expenses	<u>274,710</u>
<b>TOTAL EXPENSES</b>	<u>705,703</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	14,116
<b>UNRESTRICTED NET ASSETS</b>	
BEGINNING OF YEAR	<u>28,440</u>
<b>UNRESTRICTED NET ASSETS</b>	
END OF YEAR	<u>\$ 42,556</u>

See independent auditors' report and accompanying notes

**Community Coordinated Child Care of Southern Indiana, Inc.**  
**A Nonprofit Organization**  
**Statement of Assets, Liabilities, and**  
**Net Assets - Modified Cash Basis**  
**September 30, 2004**

**ASSETS**

<b>CURRENT ASSETS</b>	
Cash	<u>\$ 28,037</u>
<b>TOTAL CURRENT ASSETS</b>	<u>28,037</u>
<b>EQUIPMENT</b>	
Less accumulated depreciation	<u>28,615</u> <u>8,778</u>
	<u>19,837</u>
<b>OTHER ASSETS</b>	
Deposit	<u>1,250</u>
	<u>\$ 49,124</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>	
Withheld payroll taxes	5,782
Credit card payable	<u>786</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,568</u>
<b>UNRESTRICTED NET ASSETS</b>	<u>42,556</u>
	<u>\$ 49,124</u>

See independent auditors' report and accompanying notes

**Community Coordinated Child Care of Southern Indiana, Inc.**  
**Notes to Financial Statements**  
**September 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

Community Coordinated Child Care of Southern Indiana, Inc. is a nonprofit organization incorporated under the laws of the State of Indiana in 1979. Its concept is to assist parents in making educated and informed choices regarding their child's care and to help child care providers offer the highest quality child care possible. Community Coordinated Child Care of Southern Indiana, Inc. is a sponsor of the Child and Adult Care Food Program, a government reimbursement program for day care providers.

**Basis of Accounting**

The organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Accordingly, these financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

**Financial Statement Presentation**

The organization reports 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. At September 30, 2004 the organization had no restricted net assets.

**Income Taxes**

Community Coordinated Child Care of Southern Indiana, Inc. is a nonprofit organization exempt from federal, state and local income taxes under section 501(c) (3) of the United States Internal Revenue Code.

**Property and Equipment**

Property and equipment are carried at cost. Expenditures for replacements are capitalized and the replaced items are retired. Maintenance and repair costs are charged to expense. Gains and losses on dispositions of property and equipment are reflected in income. Depreciation is computed on the straight-line and accelerated methods based on the estimated useful lives of the assets. The basis of valuation for donated property and equipment is fair market value.

**Advertising**

The company follows the policy of charging the costs of advertising to expense.

**Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Community Coordinated Child Care of Southern Indiana, Inc.

Notes to Financial Statements

September 30, 2004

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2004 consisted of the following:

	September 30, 2004	
	Cost	Accumulated Depreciation
Equipment	\$ 18,115	\$ 4,961
Vehicles	10,500	3,817
	<u>\$ 28,615</u>	<u>\$ 8,778</u>

Depreciation for the year ended September 30, 2004 was \$5,179.

NOTE 3 - CONTINGENCY

Community Coordinated Child Care of Southern Indiana, Inc. is substantially funded by grants awarded indirectly by the federal government and the State of Indiana. The grants contain provisions which permit the arrangement to be terminated or the funds provided to be reduced if the unit of government does not appropriate funds or otherwise have adequate funds to maintain the current funding levels. Any deferred revenue or excess funds on hand at the termination date would be subject to refund if such funds exceeded the accrued expenditures allowable under the grants and contracts at that date.

NOTE 4 - CONCENTRATIONS

Community Coordinated Child Care of Southern Indiana, Inc. conducts business from a single location in Evansville, Indiana, and performs services to child day care homes located primarily in Southwestern Indiana.

NOTE 5 - LEASES

The company currently leases office space under a lease agreement that requires a total monthly payment of \$1,400 and has a term of one year commencing on March 1, 2004. Future required lease payments are as follows:

Fiscal Year Ending September 30, 2005	\$ 5,600
Total	<u>\$ 5,600</u>

The total monthly lease payments made during the year ended September 30, 2004 were \$16,800.

NOTE 6 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on the statement of revenues, expenses, and changes in net assets-modified cash basis. Approximately 87% of the Organization's expenses relate to program expenses and 13% to general & administrative expenses.

**Community Coordinated Child Care of Southern Indiana, Inc.**  
**A Nonprofit Organization**  
**Schedule of Federal Awards**  
**Year Ended September 30, 2004**

Federal Agency	Federal Program	CFDA Number	Pass-through Entity	Grant Number	Expenditures
U.S. Dept of Agriculture	Child and Adult Care Food Program	10.558	IN Dept of Education Division of School Nutrition Programs	82-0350	\$ 361,997
U.S. Dept of Health and Human Services	Child Care & Development Block Grant	93.575	Indiana Family and Social Services Administration		\$ 11,633
U.S. Dept of Health and Human Services	Child Care & Development Block Grant	93.575	Indiana Child Care Fund		\$ 131,899
U.S. Dept of Health and Human Services	Child Care & Development Block Grant	93.575	Indiana Association For Child Care Resource & Referral		\$ 187,796
U.S. Dept of Health and Human Services	Child Care & Development Block Grant	93.575	Indiana Association For the Education of Young Children		\$ 5,624

**BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Coordinated Child Care of Southern Indiana, Inc. and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

See independent auditors' report and accompanying notes



**Brown, Smith & Settle, LLC**  
*Certified Public Accountants*

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Community Coordinated Child Care of Southern Indiana, Inc.  
1100 W. Lloyd Expressway, Suite 115  
Evansville, IN 47708

We have audited the financial statements of Community Coordinated Child Care of Southern Indiana, Inc. (a non-profit organization) as of and for the year ended September 30, 2004, and have issued our report thereon dated February 7, 2005. 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.

**Compliance**

As part of obtaining reasonable assurance about whether Community Coordinated Child Care of Southern Indiana, 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 instances of noncompliance that are required to be reported under "Government Auditing Standards" and which are described in the accompanying schedule of findings and questioned costs as items B1 and C1. We also noted one immaterial instance of noncompliance that we have reported to management of Community Coordinated Child Care of Southern Indiana, Inc. in a separate letter dated February 7, 2005.

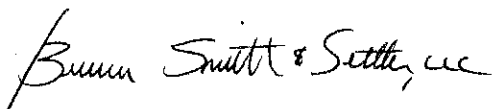
**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Community Coordinated Child Care of Southern Indiana, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Community Coordinated Child Care of Southern Indiana, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item B1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition identified as item B1 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

This information is intended solely for the information and use of the board of directors and management of Community Coordinated Child Care of Southern Indiana, Inc. 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.



Brown, Smith & Settle, LLC  
Certified Public Accountants  
February 7, 2005



**Brown, Smith & Settle, LLC**  
*Certified Public Accountants*

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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 Coordinated Child Care of Southern Indiana, Inc.  
1100 W. Lloyd Expressway, Suite 115  
Evansville, IN 47708

**Compliance**

We have audited the compliance of Community Coordinated Child Care of Southern Indiana, Inc. (a non-profit 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 program for the year ended September 30, 2004. Community Coordinated Child Care of Southern Indiana, Inc.'s major federal program is identified in the summary of auditors' 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 Coordinated Child Care of Southern Indiana, Inc.'s management. Our responsibility is to express an opinion on Community Coordinated Child Care of Southern Indiana, 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 Coordinated Child Care of Southern Indiana, 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 Coordinated Child Care of Southern Indiana, Inc.'s compliance with those requirements.

In our opinion, Community Coordinated Child Care of Southern Indiana, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004.

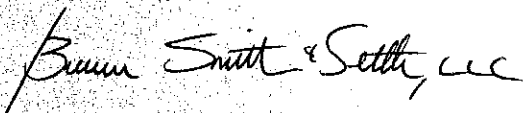
### Internal Control Over Compliance

The management of Community Coordinated Child Care of Southern Indiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Community Coordinated Child Care of Southern Indiana, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Community Coordinated Child Care of Southern Indiana, Inc.'s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contract, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item C1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition identified as item C1 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

This report is intended solely for the information and use of the board of directors and management of Community Coordinated Child Care of Southern Indiana, Inc. 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.



Brown, Smith & Settle, LLC  
Certified Public Accountants  
February 7, 2005

**Community Coordinated Child Care of Southern Indiana, Inc.**  
**A Nonprofit Organization**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2004**

**A - SUMMARY OF AUDIT RESULTS**

- A1.** The auditors' report expresses an unqualified opinion on the financial statements of Community Coordinated Child Care of Southern Indiana, Inc.
- A2.** The reportable condition disclosed during the audit of the financial statements is reported in the Report on Compliance and On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards. One condition is reported as a material weakness.
- A3.** No instances of noncompliance material to the financial statements of Community Coordinated Child Care of Southern Indiana, Inc. were disclosed during the audit.
- A4.** The reportable condition disclosed during the audit of the major federal award program is reported in the Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133. The condition is reported as material weaknesses.
- A5.** The auditors' report on compliance for the major federal award programs for Community Coordinated Child Care of Southern Indiana, Inc. expresses an unqualified opinion.
- A6.** Audit findings relative to the major federal award programs for Community Coordinated Child Care of Southern Indiana, Inc. are reported in this schedule.
- A7.** The programs tested as major programs included:
- Child and Adult Care Food Program CFDA No. 10.558
- A8.** The threshold for distinguishing Types A and B programs was \$300,000.
- A9.** Community Coordinated Child Care of Southern Indiana, Inc. was not determined to be a low-risk auditee.

**Community Coordinated Child Care of Southern Indiana, Inc.**  
**A Nonprofit Organization**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2004**

**B - FINDINGS - FINANCIAL STATEMENTS AUDIT**

**REPORTABLE CONDITIONS - MATERIAL WEAKNESSES**

B1. Condition: The size of the organization precludes the implementation of an effective internal control system due to the lack of segregation of duties.

Criteria: Segregation of duties is a vital part of an effective internal control structure.

Effect of condition: The internal control system is weak. Errors can easily occur and remain undetected.

Cause of condition: The small size of the organization.

Recommendation: Involvement of the board of directors in reviewing records.

**C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS**

**FINDINGS - MATERIAL**

C1. The finding from the financial statements audit listed in section B of this report also is considered a finding relating to the audit of the major federal award program.

**Community Coordinated Child Care of Southern Indiana, Inc.**  
**A Nonprofit Organization**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended September 30, 2004**

U.S. DEPARTMENT OF AGRICULTURE  
CHILD AND ADULT CARE FOOD PROGRAM  
CFDA NO. 10.558

Fiscal Year	Finding Number	Finding	Questioned Costs	Comments
2003	B1, C1	The size of the organization precludes the implementation of an effective internal control system due to the lack of segregation of duties.	N/A	No change.