



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B34438

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

May 27, 2009

Board of Directors
DeKalb County Parent Group for
Handicapped Children, Inc.
d/b/a Children First Center
P.O. Box 562
Auburn, IN 46706

We have reviewed the audit report prepared by Baden, Gage & Schroeder, LLC, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. 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 DeKalb County Parent Group for Handicapped Children, Inc. d/b/a Children First Center, as of December 31, 2007, 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

Financial Statements

**Dekalb County Parent Group For
Handicapped Children, Inc.
d/b/a Children First Center**

December 31, 2007 and 2006

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Financial Statements
December 31, 2007 and 2006

INDEX

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 12
ACCOMPANYING INFORMATION	
Independent Auditors' Report on Accompanying Information	13
Schedules of Program Expenses	14 - 15
Schedule of Expenditures of Federal Awards	16
Notes to Schedule of Expenditures of Federal Awards	17
INDEPENDENT AUDITORS' 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	18 - 19
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	20 - 21
Schedule of Findings and Questioned Costs	22
Summary Schedule of Prior Audit Findings	23



Certified Public Accountants • Business Consultants

Independent Auditors' Report

Board of Directors
DeKalb County Parent Group For Handicapped Children, Inc.
d/b/a Children First Center
Auburn, Indiana

We have audited the accompanying statements of financial position of DeKalb County Parent Group For Handicapped Children, Inc. d/b/a Children First Center as of December 31, 2007 and 2006, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Center'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 the 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 DeKalb County Parent Group For Handicapped Children, Inc. d/b/a Children First Center, as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years 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 June 18, 2008 on our consideration of DeKalb County Parent Group For Handicapped Children, Inc. d/b/a Children First Center'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 important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements 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 respects, in relation to the basic financial statements taken as a whole.

Baden, Gage & Schroeder, LLC

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
June 18, 2008

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Statements of Financial Position
December 31, 2007 and 2006

	2007	2006
<u>ASSETS</u>		
Cash	\$ 555,928	\$ 619,511
Receivables - government agencies	225,233	294,617
Receivables - other	11,826	-
Prepaid expenses	3,618	20,227
Investments	537,237	526,344
Property and equipment at cost, less accumulated depreciation	545,672	567,562
TOTAL ASSETS	\$ 1,879,514	\$ 2,028,261
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 20,698	\$ 26,363
Accrued wages and payroll withholdings	59,090	57,156
Accrued vacation	5,312	8,364
Deferred grants	34,784	91,206
Total Liabilities	119,884	183,089
NET ASSETS		
Unrestricted	1,714,491	1,845,172
Temporarily restricted	34,139	-
Permanently restricted	11,000	-
Total Net Assets	1,759,630	1,845,172
TOTAL LIABILITIES AND NET ASSETS	\$ 1,879,514	\$ 2,028,261

See Notes to Financial Statements.

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Statement of Activities
Year Ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES				
Public Support:				
Grants	\$ 91,422	\$ -	\$ -	\$ 91,422
Contributions	59,025	34,139	11,000	104,164
United Way contributions	64,363	-	-	64,363
County contributions	40,000	-	-	40,000
Federal funds	931,615	-	-	931,615
State funds	563,346	-	-	563,346
Local funds	28,024	-	-	28,024
Other	<u>6,228</u>	<u>-</u>	<u>-</u>	<u>6,228</u>
Total Public Support	1,784,023	34,139	11,000	1,829,162
Revenues:				
Interest and dividends	39,170	-	-	39,170
Realized gain on investments	13,316	-	-	13,316
Unrealized loss on investments	(29,277)	-	-	(29,277)
Loss on sale of property and equipment	<u>(118)</u>	<u>-</u>	<u>-</u>	<u>(118)</u>
Total Revenues	<u>23,091</u>	<u>-</u>	<u>-</u>	<u>23,091</u>
TOTAL PUBLIC SUPPORT AND REVENUES	1,807,114	34,139	11,000	1,852,253
EXPENSES				
Program services	1,624,453	-	-	1,624,453
Management and general	299,698	-	-	299,698
Fundraising	<u>13,644</u>	<u>-</u>	<u>-</u>	<u>13,644</u>
Total Expenses	<u>1,937,795</u>	<u>-</u>	<u>-</u>	<u>1,937,795</u>
CHANGE IN NET ASSETS	(130,681)	34,139	11,000	(85,542)
NET ASSETS, BEGINNING OF YEAR	<u>1,845,172</u>	<u>-</u>	<u>-</u>	<u>1,845,172</u>
NET ASSETS, END OF YEAR	<u>\$ 1,714,491</u>	<u>\$ 34,139</u>	<u>\$ 11,000</u>	<u>\$ 1,759,630</u>

See Notes to Financial Statements.

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Statement of Activities
Year Ended December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES			
Public Support:			
Grants	\$ 156,034	\$ -	\$ 156,034
Contributions	29,596	-	29,596
United Way contributions	86,261	-	86,261
County contributions	35,000	-	35,000
Federal funds	1,057,974	-	1,057,974
State funds	172,692	-	172,692
Local funds	361,949	-	361,949
Other	<u>729</u>	<u>-</u>	<u>729</u>
Total Public Support	1,900,235	-	1,900,235
Revenues:			
Interest and dividends	38,787	-	38,787
Realized gain on investments	14,734	-	14,734
Unrealized gain on investments	4,284	-	4,284
Gain on sale of property and equipment	<u>500</u>	<u>-</u>	<u>500</u>
Total Revenues	<u>58,305</u>	<u>-</u>	<u>58,305</u>
TOTAL PUBLIC SUPPORT AND REVENUES	1,958,540	-	1,958,540
EXPENSES			
Program services	1,714,218	-	1,714,218
Management and general	277,782	-	277,782
Fundraising	<u>8,181</u>	<u>-</u>	<u>8,181</u>
Total Expenses	<u>2,000,181</u>	<u>-</u>	<u>2,000,181</u>
CHANGE IN NET ASSETS	(41,641)	-	(41,641)
NET ASSETS, BEGINNING OF YEAR	<u>1,886,813</u>	<u>-</u>	<u>1,886,813</u>
NET ASSETS, END OF YEAR	<u>\$ 1,845,172</u>	<u>\$ -</u>	<u>\$ 1,845,172</u>

See Notes to Financial Statements.

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Statements of Cash Flows
Years Ended December 31, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (85,542)	\$ (41,641)
Adjustments to Reconcile Change in Net Assets to Net		
Cash Used In Operating Activities:		
Depreciation	39,029	38,178
Unrealized (gain) loss on investments	29,277	(4,284)
Realized gain on investments	(13,316)	(14,734)
Reinvested dividend and interest	(13,038)	(10,132)
(Gain) loss on sale of property and equipment	118	(500)
(Increase) Decrease in Assets:		
Receivables - government agencies	69,384	(57,508)
Receivables - other	(11,826)	-
Prepaid expenses	16,609	(17,425)
Increase (Decrease) in Liabilities:		
Accounts payable	(5,660)	6,789
Accrued wages and payroll withholdings	2,464	(5,779)
Accrued vacation	(3,052)	8,364
Deferred grants	(56,422)	(116,034)
Grant payable	-	(159,480)
Net Cash Used In Operating Activities	<u>(31,975)</u>	<u>(374,186)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(17,258)	(21,291)
Proceeds from sale of property and equipment	-	500
Purchase of marketable equity securities	<u>(14,350)</u>	<u>(2,850)</u>
Net Cash Used In Investing Activities	<u>(31,608)</u>	<u>(23,641)</u>
NET DECREASE IN CASH	(63,583)	(397,827)
CASH, BEGINNING OF YEAR	<u>619,511</u>	<u>1,017,338</u>
CASH, END OF YEAR	<u>\$ 555,928</u>	<u>\$ 619,511</u>

See Notes to Financial Statements.

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Statement of Functional Expenses
Year Ended December 31, 2007

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 1,142,784	\$ 175,313	\$ 7,756	\$ 1,325,853
Employee benefits, payroll taxes and insurance	212,812	36,371	-	249,183
Travel and conferences	119,175	2,522	211	121,908
Supplies	32,919	6,123	661	39,703
Building and equipment rental	13,218	2,270	-	15,488
Occupancy	51,814	12,556	37	64,407
Repairs and maintenance	15,235	8,353	24	23,612
Other	8,014	4,616	2,877	15,507
Professional fees	18,486	22,541	251	41,278
Depreciation	9,996	29,033	-	39,029
Special events	-	-	1,827	1,827
TOTAL EXPENSES	<u>\$ 1,624,453</u>	<u>\$ 299,698</u>	<u>\$ 13,644</u>	<u>\$ 1,937,795</u>

See Notes to Financial Statements.

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Statement of Functional Expenses
Year Ended December 31, 2006

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 1,220,507	\$ 164,711	\$ 3,949	\$ 1,389,167
Employee benefits, payroll taxes and insurance	196,397	34,867	659	231,923
Travel and conferences	129,347	1,536	40	130,923
Supplies	34,753	4,948	853	40,554
Building and equipment rental	15,260	935	-	16,195
Occupancy	62,534	8,716	-	71,250
Repairs and maintenance	6,758	9,179	-	15,937
Other	7,291	3,724	1,139	12,154
Professional fees	24,173	28,186	690	53,049
Depreciation	17,198	20,980	-	38,178
Special events	-	-	851	851
TOTAL EXPENSES	<u>\$ 1,714,218</u>	<u>\$ 277,782</u>	<u>\$ 8,181</u>	<u>\$ 2,000,181</u>

See Notes to Financial Statements.

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Notes to Financial Statements
December 31, 2007 and 2006

Note 1. Organization and Summary of Significant Accounting Policies

Business Operations:

The Dekalb County Parent Group For Handicapped Children, Inc. d/b/a Children First Center (the Center) is a non-profit, volunteer health and welfare organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

The Center is adamant in its belief that every child, regardless of limitations, deserves the opportunity to grow, to learn, and to achieve at the highest potential. Its mission is to help children become all they can possibly be.

The Dekalb County Parent Group for Handicapped Children, Inc. was established and incorporated in 1971 to provide a means by which the parents of handicapped children could associate together to discuss and face their problems; to share information and special resources; and to encourage and increase the public support and understanding of the needs of handicapped persons. In 1973, this group of parents realized the value of early intervention programs and created the Dekalb County Preschool for the Handicapped. After fifteen years of being housed in a church, the Preschool moved to its own facility in 1987 and became the Children First Center. The Center currently operates in 3 northeastern Indiana counties - Dekalb, Noble and Steuben and provides a full array of prevention, early intervention and preservation services to children and their families.

Public Support and Revenue:

All contributions are generally available for unrestricted use in the related year received unless specifically restricted by the donor. Grants and other contributions of cash that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. 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 statement of activities as net assets released from restrictions. However, donor restricted support whose restrictions are met in the same reporting period in which the support is received is reported as unrestricted support.

Investments:

Investments are composed of mutual funds, marketable securities, and certificates of deposits. Mutual funds are carried at the current fair market value which is based on net asset value. Marketable securities with readily determinable fair values are reported at their fair values. The certificates of deposit are held at a financial institution and are carried at cost which approximates fair market value. Unrealized gains and losses are included in the statement of activities.

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Notes to Financial Statements (Continued)
December 31, 2007 and 2006

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment:

Property and equipment are stated at cost if purchased and at fair values if donated, following the policy of capitalizing assets costing over \$1,000. Depreciation is computed by using the straight-line method based on estimated useful lives, generally as follows:

Building	40 years
Equipment	3 - 10 years
Transportation equipment	5 - 7 years

Functional Allocation of Expenses:

The costs of providing the program services have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated among the program services based on employees' time incurred and on resource usage.

Reclassifications:

Certain prior year amounts have been reclassified to conform to the current year's presentation.

Note 2. Property and Equipment

Property and equipment at December 31, 2007 and 2006 consisted of the following:

	<u>2007</u>	<u>2006</u>
Land	\$ 45,865	\$ 45,865
Building	860,906	860,906
Equipment	185,672	184,035
Transportation equipment	<u>69,938</u>	<u>91,938</u>
	1,162,381	1,182,744
Less: Accumulated depreciation	<u>616,709</u>	<u>615,182</u>
	<u>\$ 545,672</u>	<u>\$ 567,562</u>

Depreciation expense for the years ended December 31, 2007 and 2006 totaled \$39,029 and \$38,178, respectively.

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Notes to Financial Statements (Continued)
December 31, 2007 and 2006

Note 3. Investments

Investments consisted of the following at December 31, 2007:

	Cost	Fair Value
Certificates of Deposit:		
Rate 2.77%, due May 2008	\$ 79,988	\$ 79,988
Rate 5.35%, due April 2008	122,158	122,158
Mutual Funds	234,761	260,841
Common Stock	77,500	74,250
	\$ 514,407	\$ 537,237

Investments consisted of the following at December 31, 2006:

	Cost	Fair Value
Certificates of Deposit:		
Rate 2.75%, due May 2007	\$ 77,833	\$ 77,833
Rate 3.1%, due February 2007	117,131	117,131
Mutual Funds	202,369	234,530
Common Stock	77,500	96,850
	\$ 474,833	\$ 526,344

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2007 and 2006:

December 31, 2007:		
Interest and dividends		\$ 39,170
Realized gain on investments		13,316
Unrealized loss on investments		(29,277)
		\$ 23,209
December 31, 2006:		
Interest and dividends		\$ 38,787
Realized gain on investments		14,734
Unrealized gain on investments		4,284
		\$ 57,805

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Notes to Financial Statements (Continued)
December 31, 2007 and 2006

Note 4. Line of Credit

As of December 31, 2007 and 2006, the Center had a line of credit in the amount of \$125,165 and \$117,265, respectively, with an investment company. The line of credit is equal to 50% of the fair value of investments held at the investment company and is secured by those investments. As of December 31, 2007 and 2006, no amounts were outstanding.

Note 5. Deferred Grants

Deferred grants consist of the amounts not used as of December 31, 2007 and 2006 related to the following grants and programs:

	2007	2006
Cape grant - Families First	\$ -	\$ 69,303
Dekko grant - Early Intervention	34,784	21,903
	\$ 34,784	\$ 91,206

Note 6. Net Assets

At December 31, 2007, temporarily restricted net assets were available for the following purposes:

Training for staff and the Board of Directors	\$ 30,000
Renovations for the visitation room	2,500
Others	1,639
	\$ 34,139

At December 31, 2007, permanently restricted net assets were \$11,000. All contributions were directed to the Early Literacy Fund which was established during the year with an initial contribution of \$10,000. Ninety percent of annual income may be spent on early literacy programs and ten percent will be reinvested.

Note 7. Credit Risk and Concentrations

The Center maintains general operating cash balances and investments in certificates of deposit at local banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The Organization's cash accounts exceed the FDIC limits.

The Center received 52% and 56% of its public support from the federal government for the years ended December 31, 2007 and 2006, respectively. A significant reduction in the level of this support, if this were to occur, may have an effect on the operations of the Center.

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Notes to Financial Statements (Continued)
December 31, 2007 and 2006

Note 8. Pension Plan

The Center sponsors a salary deferral plan that covers substantially all employees who have met certain age and service requirements. Eligible employees may defer from 1% to 20% of compensation. Employer contributions to the plan are at the discretion of the Board of Directors. The matching contribution is currently 50% of the deferral amount up to the first 6% of compensation. Contributions by the Center to the plan were approximately \$23,208 and \$23,750 for the years ended December 31, 2007 and 2006, respectively.

Note 9. Operating Leases

The Center leases various buildings for administration of programs on an annual basis. These leases required monthly rental payments of \$842 throughout 2007 and 2006. Rent expense amounted to \$10,106 and \$10,106 for the years ended December 31, 2007 and 2006, respectively.



Certified Public Accountants • Business Consultants

Independent Auditors' Report on Accompanying Information

Board of Directors
DeKalb County Parent Group For Handicapped Children, Inc. d/b/a Children First Center
Auburn, Indiana

Our audits were conducted for the purpose of forming opinions on the basic financial statements of DeKalb County Parent Group For Handicapped Children, Inc. d/b/a Children First Center taken as a whole. The schedules of program expenses on pages 14 and 15 are presented for purposes of additional analysis and are 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.

Baden, Gage & Schroeder, LLC

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
June 18, 2008

**DEKALB COUNTY PARENT GROUP FOR HANDICAPPED CHILDREN, INC.
D/B/A CHILDREN FIRST CENTER**

Schedule of Program Expenses
Year Ended December 31, 2007

	Early Intervention	Healthy Families	H.O.M.E.	W/C	Families First	Other	Total
Salaries and wages	\$ 126,254	\$ 456,777	\$ 299,902	\$ 132,604	\$ 126,818	\$ 429	\$ 1,142,784
Employee benefits, payroll taxes and insurance	21,998	97,115	46,514	12,823	34,105	257	212,812
Travel and conferences	10,490	48,171	51,162	1,034	8,045	273	119,175
Supplies	2,221	10,816	6,725	4,991	8,166	-	32,919
Building and equipment rental	40	160	4,848	8,090	80	-	13,218
Occupancy	3,780	15,236	16,108	12,809	3,804	77	51,814
Repairs and maintenance	935	4,314	5,858	2,420	1,708	-	15,235
Other	930	2,341	3,265	1,233	245	-	8,014
Professional fees	2,904	8,425	3,885	2,534	738	-	18,486
Depreciation	701	5,528	2,397	422	948	-	9,996
TOTAL EXPENSES	\$ 170,253	\$ 648,883	\$ 440,664	\$ 178,960	\$ 184,657	\$ 1,036	\$ 1,624,453

See Independent Auditors' Report on Accompanying Information on Page 13.

**DEKALB COUNTY PARENT GROUP FOR HANDICAPPED CHILDREN, INC.
D/B/A CHILDREN FIRST CENTER**

Schedule of Program Expenses
Year Ended December 31, 2006

	Early Intervention	Healthy Families	H.O.M.E.	WIC	Families First	Other	Total
Salaries and wages	\$ 182,597	\$ 440,452	\$ 291,611	\$ 128,825	\$ 157,048	\$ 19,974	\$ 1,220,507
Employee benefits, payroll taxes and insurance	29,310	80,941	42,280	12,230	29,019	2,617	196,397
Travel and conferences	20,064	47,653	47,650	849	9,474	3,657	129,347
Supplies	2,039	15,312	9,874	4,932	2,335	261	34,753
Building and equipment rental	20	2,031	3,887	9,282	40	-	15,260
Occupancy	5,663	14,998	18,184	14,132	4,398	5,159	62,534
Repairs and maintenance	148	1,194	4,123	539	405	349	6,758
Other	526	2,874	2,642	857	285	107	7,291
Professional fees	2,409	7,168	1,043	1,463	11,757	333	24,173
Depreciation	<u>2,970</u>	<u>5,882</u>	<u>5,871</u>	<u>281</u>	<u>2,194</u>	<u>-</u>	<u>17,198</u>
TOTAL EXPENSES	\$ 245,746	\$ 618,505	\$ 427,165	\$ 173,390	\$ 216,955	\$ 32,457	\$ 1,714,218

See independent Auditors' Report on Accompanying Information on Page 13.

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Award or Pass-Through Number</u>	<u>Federal Award Expended</u>
<i>U.S. Department of Agriculture:</i>			
Pass-through from Indiana State Department of Health: Special Supplemental Food Program for Women, Infants, and Children	10.557	3610-572900-142500	\$ 188,332
<i>U.S. Department of Health and Human Services:</i>			
Pass-through from Indiana Family and Social Services Administration: Temporary Assistance for Needy Families	93.558	17-05-60-2657	737,584
Child Welfare Services - State Grants	93.645	97-07-72-2657	<u>65,263</u>
Subtotal of U.S. Department of Health and Human Services			<u>802,847</u>
			<u>\$ 991,179</u>

See Notes to Schedule of Expenditures of Federal Awards.

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2007

Note 1. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Center's Federal awards program and is presented on the accrual 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". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Risk-Based Audit Approach

The dollar threshold used to distinguish between Type A and Type B programs is \$300,000. The Center does qualify as a low-risk auditee.



Certified Public Accountants • Business Consultants

**Independent Auditors' 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
DeKalb County Parent Group For Handicapped Children, Inc.
d/b/a Children First Center
Auburn, Indiana

We have audited the financial statements of DeKalb County Parent Group For Handicapped Children, Inc. d/b/a Children First Center (the Center) as of and for the year ended December 31, 2007, and have issued our report thereon dated June 18, 2008. 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 the Center'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 Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the the Center'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 generally accepted accounting principles 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 entity's internal control.

Our consideration of internal control over financial reporting 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 financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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 other matters that we reported to management of the Center in a separate letter dated June 18, 2008.

This report is intended for the information and use of the finance committee, management and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.


BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
June 18, 2008

**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

Board of Directors
DeKalb County Parent Group For Handicapped Children, Inc.
d/b/a Children First Center
Auburn, Indiana

Compliance

We have audited the compliance of DeKalb County Parent Group For Handicapped Children, Inc. d/b/a Children First Center (the Center) 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 each of its major federal programs for the year ended December 31, 2007. The Center'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 each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center'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 the Center'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 the Center's compliance with those requirements.

In our opinion, the Center 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 December 31, 2007.

Internal Control Over Compliance

The management of the Center 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 the Center's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A *control deficiency* in an organization'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 a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that 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 the internal control over compliance 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 for the information and use of the finance committee, management and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
June 18, 2008

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? YES NO
Significant deficiencies identified that are not considered
to be material weaknesses? YES None Reported
Noncompliance material to financial statements noted? YES NO

Federal Awards

Internal control over major programs:

Material weaknesses identified? YES NO
Significant deficiencies identified that are not considered
to be material weaknesses? YES None Reported

Type of auditors' report issued on compliance for major
programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with section 510(a) of
Circular A-133? YES NO

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families

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

Auditee qualified as low-risk auditee? YES NO

**DEKALB COUNTY PARENT GROUP FOR
HANDICAPPED CHILDREN, INC.
d/b/a CHILDREN FIRST CENTER**

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2007

Section II- Financial Statement Findings

There were no financial statement findings.

Section III-Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs.