



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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June 3, 2009

Board of Directors
Hendricks County Health Foundation, Inc.
247 S. Wayne St.
Danville, IN 46122

We have reviewed the audit report prepared by Donovan & Thomas, PC, Independent Public Accountants, for the period October 1, 2006 to September 30, 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 Hendricks County Health Foundation, Inc., as of September 30, 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.

We call your attention to the findings in the report. The management letter contains two comments.

STATE BOARD OF ACCOUNTS

HENDRICKS COUNTY HEALTH FOUNDATION, INC.
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR
WOMEN, INFANTS AND CHILDREN

FINANCIAL STATEMENTS

For the Years Ended September 30, 2007 and 2006

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Donovan & Thomas

A Professional Corporation

Certified Public Accountants

Robert M. Donovan, CPA

Paul A. Thomas, CPA

Jeffrey M. Donovan, CPA, CVA, CFFA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hendricks County Health Foundation, Inc.
Danville, Indiana

We have audited the accompanying balance sheets of Hendricks County Health Foundation, Inc., Special Supplemental Nutrition Program for Women, Infants, and Children, as of September 30, 2007 and 2006 and the related statements of activities and changes in net assets and cash flows for the years 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 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 Hendricks County Health Foundation, Inc., Special Supplemental Nutrition Program for Women, Infants, and Children as of September 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were performed 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 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.

DONOVAN & THOMAS, P.C.

DONOVAN & THOMAS, P.C.

August 26, 2008

HENDRICKS COUNTY HEALTH FOUNDATION, INC.
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM
FOR WOMEN, INFANTS AND CHILDREN
BALANCE SHEETS
September 30, 2007 and 2006

ASSETS

	<u>2007</u>	<u>2006</u>
Current assets:		
Cash	\$ 5,845	\$ 6,364
Grants receivable	<u>12,079</u>	<u>12,043</u>
Total current assets	17,924	18,407
Fixed assets:		
Equipment	18,958	19,174
Less accumulated depreciation	<u>(16,732)</u>	<u>(17,493)</u>
Net fixed assets	<u>2,226</u>	<u>1,681</u>
Total assets	<u>\$ 20,150</u>	<u>\$ 20,088</u>

LIABILITIES AND NET ASSETS

Net assets - unrestricted	<u>\$ 20,150</u>	<u>\$ 20,088</u>
Total net assets	<u>\$ 20,150</u>	<u>\$ 20,088</u>

See independent auditors' report and accompanying notes.

HENDRICKS COUNTY HEALTH FOUNDATION, INC.
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM
FOR WOMEN, INFANTS AND CHILDREN
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Support:		
Federal assistance	\$ 133,746	\$ 127,611
Local grant income	-	18,500
	133,746	146,111
Total support	133,746	146,111
Expenses:		
Payroll and related taxes	92,615	84,687
Rent	12,000	12,050
Employee benefits	9,346	10,180
Professional fees	3,959	3,918
Utilities	3,906	3,627
Postage, printing and telephone	3,706	3,225
Supplies	3,568	5,718
Maintenance	2,970	2,818
Insurance	600	454
Depreciation	584	422
Travel	257	268
Miscellaneous	173	338
	133,684	127,705
Total expenses	133,684	127,705
Change in net assets	62	18,406
Net assets - beginning of year	20,088	1,682
Net assets - end of year	\$ 20,150	\$ 20,088

See independent auditors' report and accompanying notes.

HENDRICKS COUNTY HEALTH FOUNDATION, INC.
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM
FOR WOMEN, INFANTS AND CHILDREN
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ 62	\$ 18,406
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	584	422
Change in certain assets and liabilities:		
Grants receivable	<u>(36)</u>	<u>(12,043)</u>
Net cash from operating activities	<u>610</u>	<u>6,785</u>
Cash flows from investing activities:		
Purchases of equipment	<u>(1,129)</u>	<u>(429)</u>
Net change in cash	(519)	6,356
Cash at beginning of year	<u>6,364</u>	<u>8</u>
Cash at end of year	<u>\$ 5,845</u>	<u>\$ 6,364</u>

Supplemental disclosures of cash flow information:

Hendricks County Health Foundation, Inc., Special Nutrition Program for Women, Infants and Children paid no amounts for interest or income taxes during the fiscal years ended September 30, 2007 and 2006.

See independent auditors' report and accompanying notes.

HENDRICKS COUNTY HEALTH FOUNDATION, INC.
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR
WOMEN, INFANTS AND CHILDREN
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2007 and 2006

NOTE 1 - NATURE OF OPERATIONS

The Hendricks County Health Foundation, Inc. was formed in 1980 as a not-for-profit corporation for the purpose of administrating the Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program) in Hendricks County, Indiana. Substantially all financial support is provided by the U.S. Department of Agriculture administered by the Indiana State Board of Health. The Foundation's office is located in Danville, Indiana.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Foundation maintains its accounting records on the accrual method of accounting. Under this method revenue and expenses are recorded as earned or incurred. In 2006, the foundation's primary funding source changed its method of funding to reimbursement. Consequently, amounts requested for reimbursement paid in a subsequent period are shown as grants receivable.

Equipment – Equipment is stated at cost and is depreciated over the estimated useful lives using accelerated methods. The Foundation is in possession of certain equipment purchased directly by the Indiana State Board of Health. These assets are not reflected in the balance sheet of the Foundation.

Income Taxes – The Foundation is a not-for-profit corporation approved under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not liable for income taxes.

Use of Estimates – The presentation 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.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

See independent auditors' report and accompanying notes.

HENDRICKS COUNTY HEALTH FOUNDATION, INC.
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR
WOMEN, INFANTS AND CHILDREN
SCHEDULE A – SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Years Ended September 30, 2007 and 2006

<u>Federal Grantor/Program Title</u>	<u>Grant Period</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
U.S. Department of Agriculture CFDA #: 10.557	FY 2007	\$ 133,746	\$ 133,746
U.S. Department of Agriculture CFDA #: 10.557	FY 2006	\$ 127,611	\$ 127,611

See independent auditors' report and accompanying notes.

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Robert M. Donovan, CPA

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Jeffrey M. Donovan, CPA, CVA, CFFA

August 26, 2008

To the Board of Directors and Management
W.I.C. Program of Hendricks County Health Foundation
247 South Wayne Street
Danville, IN 46122

In planning and performing our audit of the financial statements of the W.I.C. Program of Hendricks County Health Foundation for the year ended September 30, 2007, we considered the organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters that are opportunities for strengthening the internal control structure and operating efficiency. This letter does not affect our report dated August 26, 2008 on the financial statements of the W.I.C. Program of Hendricks County Health Foundation. We will review the status of the internal control structure and operating efficiency during our next audit engagement.

Minutes of the Board of Directors' Meetings

During our testing we reviewed the minutes of the board of directors meetings for the year. The minutes properly noted board approval of the prior meeting minutes and any changes made to them. However, we noted that no hard copies of the minutes are being kept and none of the minutes had been signed by the board member preparing them.

While this item may seem insignificant, the board minutes are important documentation that must be kept accurately to show that the organization is being properly controlled and managed. These minutes are used to support issues and policies of the organization's operations. They also provide documentation in case any legal action is taken against the organization. As a not-for-profit corporation, the organization needs to keep a minute book with hard copies of all the board meeting minutes. The minutes need to be prepared and signed by the board Secretary (or assigned board member) for every board meeting and approved at the next meeting by the board members. Once they are approved, the signed hard copy should be added to the minute book.

Monthly Review of Financial Information

During our audit inquiries we noted that monthly financial information is not being reviewed by a board member. Due to the small size of the organization, internal controls and segregation of duties are limited. This creates an increased risk of errors and misstatements.

We recommend that a board member review the monthly financial reports, bank registers and reconciliations provided by the Coordinator. The reports should be reviewed for reasonableness to ensure

transactions for the month are necessary and appropriate business activity. Further documentation or explanation should be requested for any transaction that appears unreasonable or unnecessary.

* * *

Maintaining good internal control is a continual process. Because there is no internal control system that is completely foolproof, there is always room for improvement. Management should continually look for ways to improve internal control. As the organization grows, more resources should be allocated to providing better internal control.

This report is intended solely for the information and use of the Board of Directors, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

DONOVAN & THOMAS, P.C.

DONOVAN & THOMAS, P.C.