



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B34547

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](http://www.in.gov/sboa)

June 18, 2009

Board of Directors  
Woodland Child Development Center, Inc.  
3027 J.F. Mahoney Drive  
Hammond, IN 46323

We have reviewed the audit report prepared by Glenn E. Johnson, CPA, Independent Public Accountant, 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 Woodland Child Development Center, Inc., 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



Glenn E. Johnson

*Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

7309 Lincolnway  
Hobart, IN 46342  
Phone: 219.947.2181

Board of Directors  
WOODLAND CHILD DEVELOPMENT CENTER, INC.  
3027 Mahoney Drive  
Hammond, IN 46323

I have audited the accompanying Statement of Financial Position of WOODLAND CHILD DEVELOPMENT CENTER, INC. at December 31, 2007 and the related Statements of Activities, Cash Flows and Functional Expenses for the year then ended. These financial statements are the responsibility of the center's management and board of directors. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WOODLAND CHILD DEVELOPMENT CENTER, INC. at December 31, 2007 and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Glenn E. Johnson  
June 13, 2008

WOODLAND CHILD DEVELOPMENT CENTER, INC.  
Statement of Financial Position  
December 31, 2007

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Assets			
Cash	\$ 176,176	\$ 10,000	\$ 186,176
Child care fee receivables	<u>70,251</u>	<u>-</u>	<u>70,251</u>
Total current assets	<u>246,427</u>	<u>10,000</u>	<u>256,427</u>
Fixed Assets			
Furniture and equipment	185,516	-	185,516
Building	1,889,212	-	1,889,212
Land	<u>120,205</u>	<u>-</u>	<u>120,205</u>
Total fixed assets	2,194,933	-	2,194,933
Less accumulated depreciation	<u>365,208</u>	<u>-</u>	<u>365,208</u>
Net fixed assets	<u>1,829,725</u>	<u>-</u>	<u>1,829,725</u>
 Total Assets	 <u>\$ 2,076,152</u>	 <u>\$ 10,000</u>	 <u>\$ 2,086,152</u>

LIABILITIES AND NET ASSETS

Current Liabilities			
Accounts payable	\$ 22,072	\$ -	\$ 22,072
Accrued payroll and deductions	34,566	-	34,566
Current portion of loans payable	48,375	-	48,375
Line of Credit	<u>5,971</u>	<u>-</u>	<u>5,971</u>
Total Current Liabilities	110,984	-	110,984
Non Current Liabilities			
Mortgage on building	755,446	-	755,446
Total Liabilities	<u>866,430</u>	<u>-</u>	<u>866,430</u>
Net Assets			
Unrestricted	1,209,722	-	1,209,722
Temporarily Restricted	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Total Net Assets	<u>1,209,722</u>	<u>10,000</u>	<u>1,219,722</u>
Total Liabilities and Net Assets	<u>\$ 2,076,152</u>	<u>\$ 10,000</u>	<u>\$ 2,086,152</u>

The accompanying independent auditor's report and notes to the financial statements  
are an integral part of these financial statements.

WOODLAND CHILD DEVELOPMENT CENTER, INC.

Statement of Activities

For the Year Ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenue			
Public Support			
Contributions and Grants	\$ 22,876	\$ 10,000	\$ 32,876
Child Care Food Program Grant	77,200	-	77,200
Special events net of expenses of expenses of \$6,263	2,021	-	2,021
Lake Area United Way allocation	<u>50,862</u>	<u>-</u>	<u>50,862</u>
Total Public Support	<u>152,959</u>	<u>10,000</u>	<u>162,959</u>
Revenue			
Program service fees	1,088,845	-	1,088,845
Interest	1,356	-	1,356
Miscellaneous	<u>4,474</u>	<u>-</u>	<u>4,474</u>
Total revenue	<u>1,094,675</u>	<u>-</u>	<u>1,094,675</u>
Net Assets Released from restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total Public Support and Revenue	<u>1,257,634</u>	<u>-</u>	<u>1,257,634</u>
Expenses			
Program Services			
Day care	1,105,462	-	1,105,462
Supporting Services			
Management and general	138,394	-	138,394
Real Estate Taxes	<u>7,355</u>	<u>-</u>	<u>7,355</u>
Total Expenses	<u>1,251,211</u>	<u>-</u>	<u>1,251,211</u>
Excess (deficit) of Public Support and Revenue over Expenses	6,423	-	6,423
Net Assets at Beginning of Year	<u>1,203,299</u>	<u>10,000</u>	<u>1,213,299</u>
Net Assets at End of Year	<u>\$ 1,209,722</u>	<u>\$ 10,000</u>	<u>\$ 1,219,722</u>

The accompanying independent auditor's report and notes to the financial statements are an integral part of these financial statements

WOODLAND CHILD DEVELOPMENT CENTER, INC.  
Statement of Cash Flows  
For the Year Ended December 31, 2007

Cash flows from operating activities	
Cash received from contributions	\$ 32,876
Cash received from United Way agencies	50,862
Cash received for Child Care Food Program	77,200
Cash received for Child Care Program	1,063,952
Cash from other sources	6,495
Cash paid to employees and suppliers	<u>(1,163,702)</u>
Net cash provided by operating activities	<u>67,683</u>
Cash flows from investing activities	
Cash from interest revenue	1,356
Cash used to purchase building	
Cash used to purchase equipment	<u>(8,077)</u>
Net cash provided by investing activities	<u>(6,721)</u>
Cash flows from financing activities	
Cash used to retire debt	<u>(43,445)</u>
Net cash used by financing activities	<u>(43,445)</u>
Net increase in cash and cash equivalents	17,517
Cash and cash equivalents at beginning of year	<u>168,659</u>
Cash and cash equivalents at end of year	<u>\$ 186,176</u>
Reconciliation of excess public support and revenue over expenses to net cash provided by operations	
Excess (deficit) of public support and revenue	\$ 6,423
Adjustments to reconcile excess support and revenue over expenses to net cash provided by operating activities:	
Interest revenue	(1,356)
Depreciation	73,661
Program receivables	(24,893)
Accounts payable	6,575
Accrued payroll and withholding	<u>7,273</u>
Net cash provided by operations	<u>\$ 67,683</u>

The accompanying independent auditor's report and notes to the financial statements  
are an integral part of these financial statements

WOODLAND CHILD DEVELOPMENT CENTER, INC.  
Statement of Functional Expenses  
For the Year Ended December 31, 2007

	Program Services	Management and General	Total Expenses
	<u>Child Care</u>	<u>General</u>	
Salaries and wages	\$ 622,381	\$ 84,871	\$ 707,252
Employee benefits	53,832	7,341	61,173
Payroll taxes	52,658	7,181	59,839
	<u>728,871</u>	<u>99,393</u>	<u>828,264</u>
Total Salaries and related expenses			
Contracted services			21,578
Supplies classroom and office	18,988	2,589	16,766
Supplies food	14,754	2,012	102,878
Telephone	102,878	-	6,712
Postage	3,356	3,356	455
Occupancy	114	341	86,096
Local transportation	79,208	6,888	398
Conferences and training	99	299	1,578
Special assistance to individuals	1,389	189	16,367
Subscriptions & publications	16,367	-	-
Equipment expenses	-	-	3,090
Advertising	2,843	247	7,999
Insurance	-	7,999	-
Interest expense	-	-	67,570
Miscellaneous	62,164	5,406	10,445
	<u>9,609</u>	<u>836</u>	<u>1,170,196</u>
Total expenses before depreciation			
Depreciation expense	1,040,640	129,555	73,661
	<u>64,822</u>	<u>8,839</u>	<u>1,243,857</u>
Total Expenses	<u>\$ 1,105,462</u>	<u>\$ 138,394</u>	<u>\$ 1,243,857</u>

The accompanying independent auditor's report and notes to the financial statements are an integral part of these financial statements.

WOODLAND CHILD DEVELOPMENT CENTER, INC.  
Notes to the Financial Statements  
December 31, 2007

Note 1 Operations of WOODLAND CHILD DEVELOPMENT CENTER, INC

The WOODLAND CHILD DEVELOPMENT CENTER, INC is a not-for-profit agency serving the northwest Indiana community, to provide a quality-learning program and affordable childcare services for families with infants through twelve years of age. The program is accredited by the National Association for the Education of Young Children.

Note 2 Summary of significant accounting policies

The center has adopted accrual basis financial statements for financial reporting to allow the financial statements to be in accordance with accounting principles generally accepted in the United States of America

WOODLAND CHILD DEVELOPMENT CENTER, INC is a not-for-profit corporation organized in the State of Indiana. The agency is recognized as exempt from taxation by the Internal Revenue Code under Section 501(c)(3).

Cash and cash equivalents are cash on hand and on deposit in banks with original maturity of three months or less. At December 31, 2007, there were \$91,950 cash deposits in financial institutions in excess of the amounts insured by the Federal Depository Insurance Corporation.

The Organization follows the provisions of Financial Accounting Standards (FAS) Board Statement Nos. 116 "Accounting for Contributions Received and Contributions Made" and FAS 117 "Financial Statements of Not-for-Profit Organizations."

FAS 116 requires that contributions received, including unconditional pledges to give, are recognized as revenues in the period the pledges to give are received at their fair values. The statement further requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets based on the intent of the donor.

FAS 117 requires reporting amounts for the Organization's total assets, liabilities, and net assets in a statement of financial position; reporting the change in an organization's net assets in a statement of activities; and reporting the change in its cash and cash equivalents in a statement of cash flows. The statement also requires classification of an organization's net assets and its revenues, expenses, gains and losses based on the existence or absence of donor imposed restrictions. It requires that the amounts for each of the three classes of net assets: permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities. Criteria for classification are

Assets and liabilities created or disposed of through the normal course of its operations are categorized as unrestricted.

Assets donated to be used within a specified period of time or for a specific purpose are categorized as temporarily restricted.

Assets donated for the purpose of providing a funding source for operations or a restricted purpose, but whose principal must remain intact are categorized as permanently restricted.

When restrictions are met by expenditures and then reimbursed no net assets will be created

WOODLAND CHILD DEVELOPMENT CENTER, INC.  
Notes to the Financial Statements  
December 31 2007

Note 2 Summary of significant accounting policies continued

Accounts receivable are expensed when considered doubtful for collection and an allowance for doubtful accounts is insignificant. All operations are in Lake Co Indiana. There is no significant credit risk.

A policy has been established whereby assets with an expected useful life of more than one year, as determined by management, are classified as capital asset additions and depreciated over the expected useful life. Fixed assets are valued at cost or fair market value at time of contribution.

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

Advertising costs are included in operating expenses and are expensed as incurred. Advertising expense was \$7,999 for the year ended December 31, 2007.

Allocation of expenses for the statements of functional expenses is based on procedures that reasonably determine the portion of the cost related to each function.

Note 3 Leases

The building occupied by the Center is located on land owned by the Parks District of the City of Hammond and leased by the Center for \$10 per year.

The Center has an operating lease on certain office equipment. The lease requires payments of \$279.00 each month, \$3,348 each year through 20012.

Note 4. Contingencies

Compensated absences, such as vacations, holiday pay, or sick days have not been accrued because the amount cannot be reasonably estimated.

The center has a profit sharing plan effective January 1, 1993. The profit sharing plan covers all eligible employees meeting age and service requirements. Discretionary contributions made by the center were \$0 for the year ended December 31, 2007. At December 31, 2007, there is no un-funded retirement plan cost.

Note 5 Operating Line of Credit.

A line of credit of \$25,000 was obtained on January 16, 2007 for a period of one year. The loan has a maturity date of January 16, 2008, and will carry an initial rate of interest of 8.75% that will vary 0.500% greater than the Wall Street Journal Prime Variable as Posted from time to time. At December 31 2007 the loan balance was \$5,970.50 and the loan's current interest rate was 7.75%.

**WOODLAND CHILD DEVELOPMENT CENTER, INC.**  
Notes to the Financial Statements  
December 31, 2007

Note 6 Mortgage Loan

A mortgage agreement was entered into with Peoples Bank SB, on January 16, 2007, for an original amount of \$844,844.01. The mortgage is secured by the building, the leasehold with the Parks District of the City of Hammond, and all of the equipment, fixtures and other property located in the building. This mortgage requires payments of \$9,080.56, including principal and interest fixed at 7.75%. This mortgage had a balance of \$803,820.46 at December 31, 2007. The mortgage matures with a balloon payment on January 16, 2012. The required principle payments for the next five years is summarized as follows:

2008	\$ 48,375
2009	52,259
2010	56,456
2011	60,991
2012	585,584

Note 7. Government Funds Received:

The Center is a contracted provider with the Indiana Family & Social Services Administration to provide day care to eligible participants through the Lake County Child Care Voucher Program. The total funds received for day care were \$578,825. Also, under a contract with the Indiana Family & Social Services Administration, Title XX funds were received for day care in the amount of \$66,787.

The Center provided meals to participants on a paid, reduced or free basis as part of the U. S. Department of Agriculture through the Indiana Department of Education Child & Adult Food Program. The total funds received under this program were \$70,512.96.

The Center had a contract with City of Hammond for child care of eligible participants. These funds were part of a Community Development Block Grant from U. S. Department of Housing & Urban Development. During 2007 no eligible participants were served and no funds under this contract were received.

Note 8. Temporarily Restricted Grant Funds:

During 2007 the Center received a grant from Anderson Foundation of \$10,000 for Technology, Media and Communication equipment. As of December 31, 2007 these grant funds had not been expended and in accordance with accounting policies described in footnote 2 these funds are classified as temporarily restricted at December 31, 2007.

During 2006 the Center received a grant from the Anderson Foundation to purchase active play equipment. As of December 31, 2007 these grant funds have been expended and in accordance with accounting policies described in footnote 2 these funds are classified as released from temporarily restricted assets during 2007.



Glenn E. Johnson

Certified Public Accountant

7309 Lincolnway  
Hobart, IN 46342  
Phone: 219.947.2181

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors  
WOODLAND CHILD DEVELOPMENT CENTER, INC.  
3027 Mahoney Drive  
Hammond, IN 46323

I have audited the financial statements of WOODLAND CHILD DEVELOPMENT CENTER, INC., as of and for the year ended December 31, 2007, and have issued my report thereon dated June 13, 2008. I conducted my 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 WOODLAND CHILD DEVELOPMENT CENTER, INC. financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered WOODLAND CHILD DEVELOPMENT CENTER, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the board of directors, management, federal awarding agencies, pass-through entities and the State Board of Accounts. However, this report is a matter of public record and its distribution is not limited.

  
Glenn E. Johnson, CPA  
June 13, 2008