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August 20, 2009

Board of Directors
Community Alliance and Services
for Young Children, Inc.
1101 S. 13th, 2nd Floor
Terre Haute, IN 47802

We have reviewed the audit report prepared by Comer, Nowling and Associates, P.C., Independent Public Accountants, for the period October 1, 2007 to September 30, 2008. 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 Alliance and Services for Young Children, Inc., as of September 30, 2008, 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

**Community Alliance and
Services For Young
Children, Inc.**

**Financial Statements
For The Years Ended
September 30, 2008 and 2007**



**COMER
NOWLING AND
ASSOCIATES, P.C.**

Certified Public Accountants

**COMMUNITY ALLIANCE AND SERVICES
FOR YOUNG CHILDREN, INC.**

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BUSINESS PLANNING
FINANCIAL STATEMENTS
BUSINESS VALUATIONS
TAX PLANNING
TAX PREPARATION

Independent Auditor's Report

Board of Directors
Community Alliance and Services For Young Children, Inc.
Terre Haute, Indiana

We have audited the accompanying statements of financial position of Community Alliance and Services For Young Children, Inc. (a nonprofit organization) as of September 30, 2008 and 2007 and the related statements of activities and changes in net assets, functional expenses 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 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 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 Community Alliance and Services For Young Children, Inc. as of September 30, 2008 and 2007, and the changes in its net assets and cash flows for the years then ended in conformity accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2009 on our consideration of Community Alliance and Services For Young Children, Inc.'s internal control over financial reporting and 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 or on 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 should be read in conjunction with this report in considering the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Community Alliance and Services For Young Children, Inc. 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 aspects, in relation to the basic financial statements taken as a whole.

Comer, Nowling And Associates, P. C.

Comer, Nowling And Associates, P.C.

March 13, 2009

**COMMUNITY ALLIANCE AND SERVICES
FOR YOUNG CHILDREN, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2008 AND 2007**

	ASSETS	
	<u>2008</u>	<u>2007</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 58,412	\$ 24,190
Certificates of deposit	24,823	24,084
Grants receivable	288,472	253,411
Prepaid expenses	3,930	5,390
Total current assets	375,637	307,075
PROPERTY AND EQUIPMENT:		
Property and equipment, net of accumulated depreciation	19,017	19,687
Total assets	\$ 394,654	\$ 326,762
LIABILITIES AND UNRESTRICTED NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 180,906	\$ 144,323
Accrued payroll and payroll expenses	22,852	9,215
Note payable	188	2,375
Total liabilities	203,946	155,913
UNRESTRICTED NET ASSETS	190,708	170,849
Total liabilities and unrestricted net assets	\$ 394,654	\$ 326,762

See accompanying notes to financial statements.

**COMMUNITY ALLIANCE AND SERVICES
FOR YOUNG CHILDREN, INC.**
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

UNRESTRICTED NET ASSETS	<u>2008</u>	<u>2007</u>
Support		
United Way allocations	\$ 13,206	\$ 13,394
Contributions	3,883	3,835
Total support	<u>17,089</u>	<u>17,229</u>
Revenue		
Federal grants	2,479,921	2,259,031
Memberships	2,880	2,790
Program service fees	2,700	3,450
Interest income	1,149	1,200
Other income	20,601	19,054
Total revenue	<u>2,507,251</u>	<u>2,285,525</u>
Total support and revenue	<u>2,524,340</u>	<u>2,302,754</u>
Operating Expenses:		
Child and Adult Care Food Program (CACFP)	1,663,793	1,495,171
Child and Adult Care Food Program (CACFP-RM)	91,216	71,938
Resource and Referral Child Care Development Block Grant (R&R)	98,292	129,074
Minimum Standards	-	37,704
Better Baby Care	44,141	83,500
Inclusion	23,667	24,870
Child Care and Development Fund (CCDF)	220,776	178,763
Paths to Quality - Mentoring	96,373	-
United Way allocation	2,227	930
Other	32,729	26,182
Management and general	231,267	216,764
Total operating expenses	<u>2,504,481</u>	<u>2,264,897</u>
Increase (decrease) in net assets	19,859	37,857
NET ASSETS AT BEGINNING OF YEAR	<u>170,849</u>	<u>132,992</u>
NET ASSETS AT END OF YEAR	<u>\$ 190,708</u>	<u>\$ 170,849</u>

See accompanying notes to financial statements.

**COMMUNITY ALLIANCE AND SERVICES
FOR YOUNG CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>CACFP</u>	<u>CACFP-RM</u>	<u>R & R</u>	<u>Better Baby Care</u>
OPERATING EXPENSES				
Salaries and wages	75,581	\$ 5,625	\$ 53,167	\$ 29,756
Employee benefits	6,813	-	3,521	2,760
Payroll taxes	6,501	473	4,802	2,615
CACFP - direct service	1,512,217	81,491	-	-
Educational materials	428	-	647	52
Provider resources	2,954	160	3,161	815
Accounting	310	-	-	-
Technology	9,076	2,468	2,445	488
Telecommunications	4,480	-	3,282	1,071
Postage and supplies	16,372	208	5,405	1,167
Occupancy	11,296	-	5,085	1,973
Equipment leases and maintenance	2,870	394	6,708	1,013
Staff related expenses	10,751	392	6,909	1,843
Van expense	108	-	-	-
Other administrative expenses	1,756	5	1,450	314
Depreciation and equipment expense	2,280	-	1,208	274
Insurance	-	-	502	-
Total program expenses by function prior to GAAP adjustment	1,663,793	91,216	98,292	44,141
Capital expenditures	-	-	-	-
Total operating expenses after GAAP adjustment	\$ 1,663,793	\$ 91,216	\$ 98,292	\$ 44,141

See accompanying notes to financial statement.

Inclusion	CCDF	Paths to Quality-Mentoring	United Way	Other	Management and General	2008 Totals
\$ 13,548	\$ 111,412	\$ 61,406	\$ -	\$ 14,676	\$ 130,383	\$ 495,554
2,444	8,793	3,866	-	2,411	7,065	37,673
1,213	10,826	5,674	-	1,263	10,076	43,443
-	-	-	-	-	-	1,593,708
24	539	84	-	2,666	-	4,440
724	644	1,204	1,264	2,555	94	13,575
-	-	-	-	-	33,704	34,014
220	4,476	1,400	-	646	1,649	22,868
469	6,314	3,897	-	660	1,779	21,952
632	20,893	3,995	-	916	1,892	51,480
993	16,271	3,204	-	2,569	1,771	43,162
434	6,286	1,577	-	1,660	14,053	34,995
937	17,179	4,767	-	2,067	4,023	48,868
-	-	-	-	-	2,581	2,689
1,985	16,624	1,693	963	379	10,644	35,813
44	519	3,606	-	261	7,708	15,900
-	-	-	-	-	9,962	10,464
23,667	220,776	96,373	2,227	32,729	237,384	2,510,598
-	-	-	-	-	(6,117)	(6,117)
<u>\$ 23,667</u>	<u>\$ 220,776</u>	<u>\$ 96,373</u>	<u>\$ 2,227</u>	<u>\$ 32,729</u>	<u>\$ 231,267</u>	<u>\$ 2,504,481</u>

**COMMUNITY ALLIANCE AND SERVICES
FOR YOUNG CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>CACFP</u>	<u>CACFP-RM</u>	<u>R & R</u>	<u>Minimum Standards</u>
OPERATING EXPENSES				
Salaries and wages	\$ 68,799	\$ 4,945	\$ 69,605	\$ 25,406
Employee benefits	5,983	411	5,877	2,308
Payroll taxes	7,200	-	3,226	1,903
CACFP - direct service	1,367,220	65,733	-	-
Educational materials	234	-	1,269	214
Provider resources	2,127	350	9,924	837
Accounting	444	-	74	28
Technology	6,752	-	3,373	181
Telecommunications	2,311	-	2,616	1,004
Postage and supplies	8,497	7	8,805	1,178
Occupancy	10,438	-	8,320	1,535
Equipment leases and maintenance	2,804	250	5,990	827
Staff related expenses	11,862	242	8,081	2,025
Van expense	-	-	-	-
Other administrative expenses	501	-	1,913	258
Depreciation and equipment expense	-	-	-	-
Insurance	-	-	-	-
Total program expenses by function prior to GAAP adjustment	<u>1,495,171</u>	<u>71,938</u>	<u>129,074</u>	<u>37,704</u>
Capital expenditures	-	-	-	-
Total operating expenses after GAAP adjustment	<u>\$ 1,495,171</u>	<u>\$ 71,938</u>	<u>\$ 129,074</u>	<u>\$ 37,704</u>

See accompanying notes to financial statement.

Better Baby Care	Inclusion	CCDF	United Way	Other	Management and General	2007 Totals
\$ 47,506	\$ 14,853	\$ 85,313	\$ -	\$ 11,095	\$ 100,337	\$ 427,860
4,070	1,341	8,300	-	1,022	8,156	37,469
5,079	2,361	6,625	-	2,457	3,356	32,207
-	-	-	-	-	-	1,432,953
5,157	(346)	142	35	1,802	952	9,460
8,481	1,610	5,352	329	6,128	1,145	36,284
53	19	910	-	411	35,634	37,574
596	124	4,629	38	459	180	16,332
858	328	3,915	-	75	1,602	12,710
2,351	942	20,792	-	86	643	43,301
3,267	1,180	17,552	-	-	2,669	44,961
2,136	323	5,373	-	987	14,742	33,433
3,613	1,739	18,009	311	1,559	1,112	48,552
-	-	-	-	-	2,106	2,106
332	394	1,851	217	99	30,960	36,525
-	-	-	-	-	21,151	21,151
-	-	-	-	-	5,304	5,304
83,500	24,870	178,763	930	26,182	230,049	2,278,182
-	-	-	-	-	(13,285)	(13,285)
<u>\$ 83,500</u>	<u>\$ 24,870</u>	<u>\$ 178,763</u>	<u>\$ 930</u>	<u>\$ 26,182</u>	<u>\$ 216,764</u>	<u>\$ 2,264,897</u>

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**COMMUNITY ALLIANCE AND SERVICES
FOR YOUNG CHILDREN, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 19,859	\$ 37,857
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	6,786	7,866
Increase (decrease) in cash from changes in:		
Grants receivable	(35,061)	(8,380)
Other assets	1,460	(5,390)
Accounts payable	36,583	1,062
Accrued payroll and payroll expenses	<u>13,637</u>	<u>(11,797)</u>
Net cash provided by operating activities	<u>43,264</u>	<u>21,218</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(6,117)	(13,285)
Interest on certificates of deposit	<u>(738)</u>	<u>(793)</u>
Net cash used in investing activities	<u>(6,855)</u>	<u>(14,078)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on auto loan	<u>(2,187)</u>	<u>(2,085)</u>
Net cash used in financing activities	<u>(2,187)</u>	<u>(2,085)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	34,222	5,055
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>24,190</u>	<u>19,135</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 58,412</u>	<u>\$ 24,190</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 87</u>	<u>\$ 539</u>

See accompanying notes to financial statements.

**COMMUNITY ALLIANCE AND SERVICES
FOR YOUNG CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

NOTE 1 – NATURE OF OPERATIONS

Community Alliance and Services For Young Children, Inc. (the “Organization”) promotes developmentally appropriate early education and quality care for children throughout the Organization’s service delivery area in west central Indiana. The Organization is proud to provide a resilient support system that educates, advocates and facilitates programs and services for child care providers, educators, early childhood professionals, families, and community.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization’s significant accounting policies applied in the preparation of the accompanying financial statements follows:

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

REVENUE RECOGNITION

The Organization receives grants from the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals. Revenues under the contracts are recognized as funds are received.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and depreciated over estimated useful lives of three to seven years using the straight-line method. The following is a summary of the lives for each class of asset:

Software	3 years
Computers and equipment	5 years
Vehicle	7 years

Expenditures for improvements and major renewals are capitalized. When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred.

CASH AND CASH EQUIVALENTS

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**COMMUNITY ALLIANCE AND SERVICES
FOR YOUNG CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONCENTRATION OF CREDIT RISK

The Organization's cash and cash equivalents are on deposit with three financial institutions having branches in the local area. Each account is insured by the FDIC for up to \$100,000. At various times throughout the year, the Organization maintained balances in excess of the insured limits.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report 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.

CONTRIBUTIONS

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requires specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

**COMMUNITY ALLIANCE AND SERVICES
FOR YOUNG CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

USE OF ESTIMATES

The preparation of financial statements 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.

GOVERNMENT GRANTS

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as funds are received. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected as refundable advances on the statements of financial position.

EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3 – GRANTS RECEIVABLE

The Organization's grant receivables as of September 30, 2008 and 2007, consisted of the following:

	<u>2008</u>	<u>2007</u>
CACFP	\$ 177,907	\$ 142,426
CCDF	25,140	5,020
R&R	78,399	85,935
INAEYC	<u>7,026</u>	<u>-</u>
Total	<u>\$ 288,472</u>	<u>\$ 253,411</u>

**COMMUNITY ALLIANCE AND SERVICES
FOR YOUNG CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

NOTE 4 – PROPERTY AND EQUIPMENT

The Organization's property and equipment are as follows at September 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Vehicle	\$ 13,700	\$ 13,700
Computers and equipment	27,205	21,088
Software	<u>11,795</u>	<u>11,795</u>
	52,699	46,584
Accumulated depreciation	<u>(33,682)</u>	<u>(26,896)</u>
	<u>\$ 19,017</u>	<u>\$ 19,687</u>

Depreciation expense was \$6,786 and \$7,866 for the years ended September 30, 2008 and 2007, respectively.

NOTE 5 – NOTE PAYABLE

The Organization obtained a note payable with Old National Bank in the amount of \$10,000 to purchase an agency vehicle. The amount owed on this loan amounted to \$188 as of September 30, 2008 and \$2,375 as of September 30, 2007. The agreement was entered into on October 31, 2003 and matures on October 30, 2008. The monthly payments are \$188 and the interest rate is 4.75% per annum.

NOTE 6 – OPERATING LEASES

During the year ended September 30, 2008, the Organization moved to a new location and signed a new annual sub-lease arrangement. Rental expense for the new and old location included in the statement of activities for the years ended September 30, 2008 and 2007, was approximately \$30,000 and \$21,000, respectively. The lease was for one year and the Organization has the option to renew for subsequent one year terms subject to an annual review by the lessor. The Organization also paid rent for Sullivan, Owen, Morgan, Clay and Brazil county offices, which was approximately \$2,500 for both years.

**COMMUNITY ALLIANCE AND SERVICES
FOR YOUNG CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

NOTE 6 – OPERATING LEASES (Continued)

In addition, the Organization renewed the operating lease for two office copiers, which expires in September 2013. The new monthly lease amount is \$2,204 per month plus cost of excess images. Rental expense for this lease included in the statements of activities for the years ended September 30, 2008 and 2007 was approximately \$28,710, for both years.

The Organization also leases a mailing machine under an operating lease arrangement which expires October 2009. The monthly lease amount was \$91 and \$82, for the years ended September 30, 2008 and 2007, respectively. Rental expense for this lease included in the statements of activities for the years ended September 30, 2008 and 2007 was approximately \$1,092 and \$984, respectively. Future minimum lease payments on leases having non-cancelable terms beyond September 30, 2008 are as follows:

2009	\$ 27,543
2010	27,543
2011	26,542
2012	26,451
2013	26,451
Thereafter	-0-
	<u>\$ 134,530</u>

NOTE 7 – EMPLOYEE BENEFITS

The Organization has a 403(b) defined contribution plan and makes contributions of \$200 per month for each employee eligible to participate in the plan. Contributions to the plan are made for all employees working 37.5 hours or more per week and with at least 90 days of service. Employee benefit expense under this plan was approximately \$32,562 and \$36,145 for the years ended September 30, 2008 and 2007, respectively.

NOTE 8 – CONCENTRATIONS

Approximately 98% of the Organization's support and revenue for the years ended September 30, 2008 and 2007, respectively, was provided by federal grants.

**COMMUNITY ALLIANCE AND SERVICES
FOR YOUNG CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

**NOTE 9 - STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (SFAS) -
NO. 144**

SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*," requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. SFAS No. 144 has not materially affected the Organization's net change in unrestricted net assets, statement of financial position or statement of cash flows.

NOTE 10 - RECLASSIFICATIONS

Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 presentation.

SINGLE AUDIT SECTION

COMMUNITY ALLIANCE AND SERVICES FOR YOUNG CHILDREN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Indiana Department of Education: Child and Adult Care Food Program	10.558	1840200	<u>\$ 1,783,590</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Indiana Department of Family and Social Services (FSSA): CCDF Intake Program	93.596	84-06-34-0612	305,880
Passed through the Indiana Association of Child Care Resource and Referral (IACCRR): Resource and Referral Program	93.596	49-05-87-0491	354,257
Passed through Indiana Department of, Family and Social Services (FSSA) & Indiana Association for the Education of Young Children (IAEYC) Indiana Non-Formal Child Development Associate	93.596	SDA-6	<u>36,194</u>
TOTAL CFDA 93.596			<u>696,331</u>
Total Schedule of Expenditures of Federal Awards			<u><u>\$ 2,479,921</u></u>

See accompanying note to Schedule of Expenditures of Federal Awards

COMMUNITY ALLIANCE AND SERVICES FOR YOUNG CHILDREN, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Community Alliance and Services for Young Children, Inc. and 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.

COMMUNITY ALLIANCE AND SERVICES FOR YOUNG CHILDREN, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2008

No matters were reported for the year ended June 30, 2007.



BUSINESS PLANNING
FINANCIAL STATEMENTS
BUSINESS VALUATIONS
TAX PLANNING
TAX PREPARATION

**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***

To the Board of Directors
Community Alliance and Services for Young Children, Inc.
Terre Haute, Indiana

We have audited the financial statements of Community Alliance and Services for Young Children, Inc. (a nonprofit organization), as of and for the year ended June 30, 2008, and have issued our report thereon dated March 13, 2009. 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 Community Alliance and Services for Young Children, Inc.'s internal control over financial reporting (internal control) 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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 accounting principles generally accepted in the United States of America 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 Organization's internal control.

Our consideration of internal control was for the limited purpose described in the second paragraph 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 that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Alliance and Services for Young Children, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, others within the organization, 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.

Comer, Nowling And Associates, P. C.

Comer, Nowling And Associates, P.C.

March 13, 2009



BUSINESS PLANNING
FINANCIAL STATEMENTS
BUSINESS VALUATIONS
TAX PLANNING
TAX PREPARATION

**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 Alliance and Services for Young Children, Inc.
Terre Haute, Indiana

Compliance

We have audited the compliance of Community Alliance and Services for Young Children, Inc. (a nonprofit 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 programs for the year ended June 30, 2008. Community Alliance and Services for Young Children, Inc.'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 its major federal program is the responsibility of Community Alliance and Services for Young Children, Inc.'s management. Our responsibility is to express an opinion on Community Alliance and Services for Young Children, 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 Alliance and Services for Young Children, 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 Alliance and Services for Young Children, Inc.'s compliance with those requirements.

In our opinion, Community Alliance and Services for Young Children, Inc., complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Community Alliance and Services for Young Children, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Community Alliance and Services for Young Children, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis 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 the Organization's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A control deficiency in an entity'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 combination of control deficiencies, that adversely affects Community Alliance and Services for Young Children, Inc.'s ability to administer a major federal program such that there is more than a remote likelihood that the Organization's 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 internal control 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 solely for the information and use of the board of directors, management, others within the organization, 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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

March 13, 2009

COMMUNITY ALLIANCE AND SERVICES FOR YOUNG CHILDREN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Type of auditor’s report issued: Unqualified

Any audit findings disclosed required to be reported in
 Accordance with Section 510(a) of Circular A-133 Yes No

Program tested as major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.596	Department of Health and Human Services, Child Care Development Fund (CCDF), Intake Program
93.596	Department of Health and Human Services, Child Care Resource and Referral Program
93.596	Department of Health and Human Services, Education of Young Children

* Denotes a program cluster. A cluster of programs is treated as a single program for the purpose of meeting the audit requirements of OMB Circular A-133.

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

Auditee qualified as low-risk auditee? Yes No

COMMUNITY ALLIANCE AND SERVICES FOR YOUNG CHILDREN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2008

Section II – Financial Statement Findings

There were no financial statement findings for the current year.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the current year.