



STATE OF INDIANA
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November 18, 2009

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

We have reviewed the audit report prepared by Riney, Hancock & Co., PSC, 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 Community Coordinated Child Care of Southern Indiana, 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.

STATE BOARD OF ACCOUNTS

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

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Year Ended September 30, 2007

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Coordinated Child Care of Southern Indiana, Inc.

We have audited the accompanying statements of financial position of Community Coordinated Child Care of Southern Indiana, Inc. (a nonprofit organization), as of September 30, 2007 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 audit provides a reasonable basis for our opinion.

As described in Note 6 to the financial statements, the Organization adopted the accrual basis of accounting as of October 1, 2006. Accordingly, an adjustment has been made to net assets as of that date to reflect this change.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Coordinated Child Care of Southern Indiana, Inc. as of September 30, 2007, and the 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 04, 2008 on our consideration of the Organization'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 should be considered in assessing the results of our audit.

Our audits were 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 and 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.

Evansville, Indiana
March 04, 2008

Riney, Hancock & Co., PSC

COMMUNITY COORDINATED CHILD CARE OF SOUTHERN INDIANA, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2007

ASSETS

Current assets:

Cash and cash equivalents	\$ 103,396
Accounts receivable	146,359
Other current assets	2,701

252,456

Property and equipment:

Furniture and equipment	49,776
Vehicles	10,500
Buildings	291,125
Land	93,750

445,151

Accumulated depreciation (50,814)

Property and equipment, net 394,337

Total assets \$ 646,793

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 93,095
Payroll withholdings	20,900
Accrued expenses	4,720
Current maturities of long-term debt	7,840

Total current liabilities 126,555

Long-term debt 355,651

Total liabilities 482,206

Unrestricted net assets 164,587

Total liabilities and net assets \$ 646,793

See Notes to Financial Statements.

COMMUNITY COORDINATED CHILD CARE OF SOUTHERN INDIANA, INC.

STATEMENT OF ACTIVITIES

Year Ended September 30, 2007

Unrestricted Net Assets:

Revenues:

Federal grants	\$ 801,225
Contributions	569,068
Miscellaneous	27,128

Total unrestricted revenues	<u>1,397,421</u>
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Expenses:

Program	1,270,037
Management and general	111,997
Fundraising	11,181

Total expenses	<u>1,393,215</u>
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Increase (decrease) in net assets	4,206
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Net assets, beginning of year, as previously reported	88,722
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Adjustment to accrual method of accounting	71,659
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Net assets, beginning of year, as restated	<u>160,381</u>
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Net assets, end of year	<u><u>\$ 164,587</u></u>
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COMMUNITY COORDINATED CHILD CARE OF SOUTHERN INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2007

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries & benefits	\$ 504,441	\$ 53,845	\$ 8,502	\$ 566,788
Payroll taxes	36,192	3,863	610	40,665
Provider reimbursements	398,027	-	-	398,027
Advertising	26,640	-	-	26,640
Conferences & speakers	28,959	-	-	28,959
Depreciation	17,110	2,163	393	19,666
Insurance	2,781	352	64	3,197
Interest	17,587	2,224	404	20,215
Maintenance & repairs	12,276	1,552	282	14,110
Miscellaneous	5,136	649	118	5,903
Occupancy	9,046	1,144	208	10,398
Supplies	81,976	22,434	-	104,410
Postage & delivery	15,258	1,929	351	17,538
Printing	19,299	-	-	19,299
Professional fees	-	20,475	-	20,475
Telephone	10,809	1,367	249	12,425
Training	47,154	-	-	47,154
Travel	37,346	-	-	37,346
	<u>\$ 1,270,037</u>	<u>\$ 111,997</u>	<u>\$ 11,181</u>	<u>\$ 1,393,215</u>

See Notes to Financial Statements.

COMMUNITY COORDINATED CHILD CARE OF SOUTHERN INDIANA, INC.

STATEMENT OF CASH FLOWS

Year Ended September 30, 2007

Cash flows from operating activities:	
Change in net assets	\$ 4,206
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	19,666
Decrease (increase) in assets:	
Grants receivable	(7,784)
Other current assets	(650)
Increase (decrease) in liabilities:	
Accounts payable	34,798
Payroll withholdings	4,960
Accrued expenses	437
Net cash provided by operating activities	<u>55,633</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(12,563)</u>
Net cash used in investing activities	<u>(12,563)</u>
Cash flows from financing activities:	
Repayments of long-term debt	<u>(7,421)</u>
Net cash used in financing activities	<u>(7,421)</u>
Net increase in cash and cash equivalents	35,649
Cash and cash equivalents, beginning of year	<u>67,747</u>
Cash and cash equivalents, end of year	<u>\$ 103,396</u>
Supplemental disclosure of cash flow information:	
Interest paid	<u>\$ 20,215</u>

See Notes to Financial Statements.

COMMUNITY COORDINATED CHILD CARE OF SOUTHERN INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2007

1. **Organization and Summary of Significant Accounting Policies**

Nature of Organization

Community Coordinated Child Care of Southern Indiana, Inc. (the Organization) is a nonprofit child care resource and referral agency serving parents, children, and child care providers in Evansville, Indiana and surrounding counties. The Organization is a sponsor of the U.S. Department of Agriculture's Child and Adult Care Food Program, a government reimbursement program for day care providers. The Organization also receives funding from the U.S. Department of Health and Human Service's Child Care and Development Block Grant.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor imposed stipulations that may or will be met with the passage of time or by actions of the Organization. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses, and changes in net assets as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor imposed stipulations that shall be maintained permanently by the Organization.

There were no restricted net assets as of September 30, 2007.

Cash and Cash Equivalents

The Organization considers all cash on hand, and in banks with an original maturity of 90 days or less to be cash and cash equivalents. There were no cash equivalents at September 30, 2007.

COMMUNITY COORDINATED CHILD CARE OF SOUTHERN INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2007

1. **Organization and Summary of Significant Accounting Policies, Continued**

Grants Receivable

The Organization receives most of its funding from grants. A grant receivable is recognized to the extent that the expenditures are incurred in the manner specified by the grants. No allowance for doubtful accounts is considered necessary due to the nature of the relationship with the granting agencies.

Property and Equipment

Property and equipment are carried at cost or, if donated, at fair market value at the date acquired. Assets donated with explicit restrictions regarding their use are reported as restricted support until such restrictions expire. Absent donor stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation expense is computed by the straight-line method over estimated useful lives of the related assets. Acquisitions of property and equipment in excess of \$300 are capitalized.

Contributions

Contributions are recognized when a donor makes an unconditional promise to give to the Organization. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

COMMUNITY COORDINATED CHILD CARE OF SOUTHERN INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2007

1. Organization and Summary of Significant Accounting Policies, Continued

Advertising

The Organization expenses advertising costs as incurred.

Income Taxes

The Organization is exempt from income taxes as a nonprofit corporation under Internal Revenue Code Section 501(c)(3), and accordingly, no provision for income taxes has been recorded in the financial statements.

Estimates

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

2. Pension Plan

The Organization has a simplified employee pension plan covering all full time employees with one year of service. The Organization contributes five percent of eligible wages. Contributions were \$16,420 for the year ended September 30, 2007.

3. Long-term Debt

Long-term debt consists of a note payable to a private company at a 5.5 percent interest rate in the amount of \$363,491 at September 30, 2007. Monthly installments are \$2,303, with a balloon payment of \$337,132 due March 1, 2011. This note is secured by a building and land.

Long-term debt maturities are as follows for the years ended September 30:

2008	\$ 7,840
2009	8,282
2010	8,749
2011	<u>338,620</u>
	<u>\$ 363,491</u>

COMMUNITY COORDINATED CHILD CARE OF SOUTHERN INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2007

4. Leases

The Organization leases equipment under a noncancelable operating agreement expiring in March 2009. Total rent expense was \$810 for the year ended September 30, 2007. Future minimum lease payments are \$648 for the year ended September 30, 2008 and \$324 for the year ended September 30, 2009.

5. Concentrations

Financial instruments that potentially subject the Organization to credit risk consist principally of cash on deposit at financial institutions. Cash in banks may, at times, exceed federal deposit insurance limits. The Organization attempts to minimize this risk by using high-credit, quality financial institutions.

During the year ended September 30, 2007, the Organization received approximately 57% of its revenue from federal grants and 40% of its revenue from a private funding source. These funds are to be used for designated purposes only. If, based upon the grantors' review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the Organization for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of the Organization's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

6. Prior Period Adjustment

As of October 1, 2006, the Organization adopted the accrual basis of accounting. Previously, the financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned or promised, and certain expenses and the related liabilities are recognized when paid rather than when incurred. The effect of this change was to increase unrestricted net assets at September 30, 2006 by \$71,659.

COMMUNITY COORDINATED CHILD CARE OF SOUTHERN INDIANA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2007

<u>Federal Agency Program or Cluster Title Pass-Through Entity</u>	<u>Federal CFDA Number</u>	<u>Pass-through Agreement Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Child and Adult Care Food Program			
Pass-Through Entity:			
Indiana Department of Education	10.558	1820350	\$ 448,370
U.S. Department of Health and Human Services			
Child Care and Development Block Grant			
Pass-Through Entity:			
Indiana Association for Child Care Resource and Referral	93.575	49-03-87-0491	339,385
Indiana Association for the Education of Young Children	93.575	N/A	<u>13,470</u>
Total U.S. Department of Health and Human Services			<u>352,855</u>
Total Expenditures of Federal Awards			<u><u>\$ 801,225</u></u>

Note 1: This schedule includes the federal grant activity of Community Coordinated Child Care of Southern Indiana, Inc. 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*.

**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
Community Coordinated Child Care of Southern Indiana, Inc.

We have audited the financial statements of Community Coordinated Child Care of Southern Indiana, Inc. (a nonprofit organization), as of and for the year ended September 30, 2007, and have issued our report thereon dated March 04, 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. Our report on the financial statements includes an explanatory paragraph describing a change in the Organization's basis of accounting as described in Note 6 to the financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization'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 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 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 organization'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 Community Coordinated Child Care of Southern Indiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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*.

This report is intended solely for the information and use of management, the Board of Directors, 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.

Evansville, Indiana
March 04, 2008

Piney, Hancock & Co, PSC

**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
Community Coordinated Child Care of Southern Indiana, Inc.

Compliance

We have audited the compliance of Community Coordinated Child Care of Southern Indiana, 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 program for the year ended September 30, 2007. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on Community Coordinated Child Care of Southern Indiana, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 on the Organization's compliance with those requirements.

In our opinion, Community Coordinated Child Care of Southern Indiana, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2007.

Internal Control Over Compliance

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

Evansville, Indiana
March 04, 2008

Burney, Hancock & Co, PSC

COMMUNITY COORDINATED CHILD CARE OF SOUTHERN INDIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2007

A. Summary of Auditors' Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Community Coordinated Child Care of Southern Indiana, Inc. (the Organization).
2. No significant deficiencies were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award program.
5. The auditors' report on compliance for the major federal award program for the Organization expresses an unqualified opinion on the major federal program.
6. As indicated in Part C of this schedule, there were no audit findings relative to the major federal award programs for the Organization.
7. The programs tested as major program was U.S. Department of Health and Human Services Child Care and Development Block Grant, CFDA 93.575
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Organization qualified as a low-risk auditee.

B. Findings - Financial Statement Audit

None

C. Findings and Question Costs - Major Federal Award Program Audit

None

COMMUNITY COORDINATED CHILD CARE OF SOUTHERN INDIANA, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended September 30, 2007

There were no prior audit findings.