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February 4, 2010

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

We have reviewed the audit report prepared by Donovan, 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 Hendricks County Foundation, 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.

We call your attention to the finding in the report. The management letter contains one comment.

STATE BOARD OF ACCOUNTS

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

FINANCIAL STATEMENTS
and SUPPLEMENTARY INFORMATION

For the Years Ended September 30, 2008 and 2007

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Hendricks County Health Foundation, Inc., Special Supplemental Nutrition Program for Women, Infants, and Children, as of September 30, 2008 and 2007 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, 2008 and 2007, 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

May 28, 2009

HENDRICKS COUNTY HEALTH FOUNDATION, INC.
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM
FOR WOMEN, INFANTS AND CHILDREN
STATEMENTS OF FINANCIAL POSITION
September 30, 2008 and 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Current assets:		
Cash	\$ 10,154	\$ 5,845
Grants receivable	10,140	12,079
Other receivables	<u>1,284</u>	<u>-</u>
Total current assets	21,578	17,924
Fixed assets:		
Equipment	25,999	18,958
Less accumulated depreciation	<u>(17,597)</u>	<u>(16,732)</u>
Net fixed assets	<u>8,402</u>	<u>2,226</u>
Total assets	<u>\$ 29,980</u>	<u>\$ 20,150</u>

LIABILITIES AND NET ASSETS

Unrestricted assets	<u>\$ 29,980</u>	<u>\$ 20,150</u>
Total net assets	<u>\$ 29,980</u>	<u>\$ 20,150</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, 2008 and 2007

	2008	2007
Support:		
Federal assistance	\$ 150,338	\$ 133,746
Local grant income	3,000	-
Peer counseling income	4,159	-
Miscellaneous donations	71	-
	157,568	133,746
Total support		
Expenses:		
Payroll and related taxes	100,916	92,615
Rent	12,900	12,000
Employee benefits	9,613	9,346
Postage, printing and telephone	5,115	3,706
Supplies	4,621	3,568
Professional fees	4,615	3,959
Utilities	3,559	3,906
Maintenance	2,920	2,970
Travel	1,701	257
Depreciation	880	584
Insurance	659	600
Miscellaneous	239	173
	147,738	133,684
Total expenses		
Change in net assets	9,830	62
Net assets - beginning of year	20,150	20,088
Net assets - end of year	\$ 29,980	\$ 20,150

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, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Change in net assets	\$ 9,830	\$ 62
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	880	584
Change in certain assets and liabilities:		
Grants receivable	1,939	(36)
Other receivables	(1,285)	-
Net cash provided by operating activities	11,364	610
Cash flows from investing activities:		
Purchases of equipment	(7,055)	(1,129)
Net cash used by investing activities	(7,055)	(1,129)
Net change in cash	4,309	(519)
Cash at beginning of year	5,845	6,364
Cash at end of year	\$ 10,154	\$ 5,845

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, 2008 and 2007.

HENDRICKS COUNTY HEALTH FOUNDATION, INC.
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR
WOMEN, INFANTS AND CHILDREN
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2008 and 2007

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. Grant funds requested for reimbursement that are received in a subsequent period are shown as grants receivable.

Financial Statement Presentation – The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations," which requires the Foundation to report information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted net assets. There are no temporarily or permanently restricted net assets at September 30, 2008 and 2007.

Cash – For purposes of the statement of cash flows, cash consists of cash held in demand deposit accounts at a single financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At September 30, 2008 and 2007, the Foundation's did not have balances in excess of the insured limit.

Equipment – Equipment purchased by the Foundation is stated at cost, while equipment donated is recorded at the estimated fair value at the date of gift. Assets are depreciated over the estimated useful lives, ranging from 5-7 years using accelerated methods. The Foundation capitalizes purchases over \$200 with a useful life of more than one year. The Foundation is in possession of 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.

HENDRICKS COUNTY HEALTH FOUNDATION, INC.
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR
WOMEN, INFANTS AND CHILDREN
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2008 and 2007

NOTE 3 - OPERATING LEASE

The Foundation leases office space under an operating lease agreement expiring September 30, 2008. The lease is automatically renewed annually. Lease payments were \$1,000 monthly until January 1, 2008 when it increased to \$1,100 per month. Total rent expense was \$12,900 and \$12,000 for the years ended September 30, 2008 and 2007 respectively.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

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, 2008 and 2007

<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 Special Supplemental Food Program For Women, Infants and Children Award #: MWSSNP-2-6:WC 1-2 CFDA #: 10.557	FY 2008	\$ 150,338	\$ 150,338
U.S. Department of Agriculture Special Supplemental Food Program For Women, Infants and Children Award #: MWSSNP-2-6:WC 1-2 CFDA #: 10.557	FY 2007	\$ 133,746	\$ 133,746

See independent auditors' report and accompanying notes.



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

In planning and performing our audit of the financial statements of W.I.C. Program of the Hendricks County Health Foundation (W.I.C.) as of and for the year ended September 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered W.I.C.'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. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We found no control deficiencies that constitute a significant deficiency in internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We found no deficiencies that constitute a material weakness in internal control.

Other Comments and Recommendations:

Dual Check Signature over Material Amounts

During our audit procedures, we noted that for all checks written by the Organization, regardless of dollar amount, only one signature is required. This practice weakens the internal controls over cash by vesting complete disbursement authority in one person. We suggest the Organization consider developing a policy whereby checks written over a predetermined amount require two signatures. Allowances within this policy could be made for normal and recurring disbursements that exceed the established dollar limit.

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

A handwritten signature in black ink that reads "DONOVAN". The letters are cursive and connected.

DONOVAN

May 28, 2009



May 28, 2009

To The Board of Directors
W.I.C. Program of the Hendricks County Health Foundation, Inc.
Danville, Indiana

We have audited the financial statements of the W.I.C. Program of the Hendricks County Health Foundation, Inc. for the year ended September 30, 2008, and have issued our report thereon dated May 28, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 10, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the W.I.C. Program are described in Note 1 to the financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no sensitive estimates affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreement with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 28, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of the Board of Directors and management of the W.I.C. Program of the Hendricks County Health Foundation, Inc. and is not intended to be and should not be used by anyone other than these specified parties. We were pleased to serve your Organization as its independent auditors for 2008. We provide the above information to assist you in performing your oversight responsibilities, and would be pleased to discuss this letter or any matters further, should you desire.

Sincerely,



DONOVAN