



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B35793

STATE BOARD OF ACCOUNTS
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February 17, 2010

Board of Directors
Elka Child Educational Center, Inc.
1953 Georgia St.
Gary, IN 46407

We have reviewed the audit report prepared by Land & Company, CPA, Independent Public Accountants, for the period July 1, 2008 to June 30, 2009. 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 Elka Child Educational Center, Inc., as of June 30, 2009, 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

ELKA CHILD EDUCATIONAL CENTER, INC.

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009

ELKA CHILD EDUCATIONAL CENTER, INC.

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

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LAND & COMPANY

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Elka Child Educational Center, Inc.
Gary, Indiana

We have audited the accompanying statement of financial position of Elka Child Educational Center, Incorporated as of June 30, 2009 and the related statements of activities and cash flows for the year then ended. These general purpose financial statements are the responsibility of Elka Child Educational Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides 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 Elka Child Educational Center, Inc. as of June 30, 2009, 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.


LAND & COMPANY, CPA

July 6, 2009

ELKA CHILD EDUCATIONAL CENTER, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2009

ASSETS

Current Assets:	
Cash	\$ 41,255
Grants receivable	36,936
Prepays	<u>32,118</u>
Total current assets	<u>\$110,309</u>
Property and Equipment	
Land/Bldgs/Improvements	\$394,543
Vehicles	155,636
Furniture/Equipment	94,374
Less: accum. depreciation	<u><285,403></u>
	<u>\$359,150</u>
TOTAL ASSETS	<u>\$469,459</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 29,283
Accrued expenses	19,584
Loans payable	<u>19,593</u>
Total current liabilities	<u>\$ 68,460</u>
Long-Term Liabilities:	
Loans payable	<u>\$ 43,719</u>
Total long-term liabilities	<u>\$ 43,719</u>
TOTAL LIABILITIES	<u>\$112,179</u>
NET ASSETS:	
Unrestricted	<u>\$357,280</u>
TOTAL LIAB. & NET ASSETS	<u>\$469,459</u>

ELKA CHILD EDUCATIONAL CENTER, INC.
STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

Public Support and Revenue	
Public Support:	
Government Fee Income	\$862,251
Private Fee Income	74,861
Grants - Found. & Trusts	<u>25,000</u>
Total Support	<u>\$962,112</u>
Revenue:	
Fundraising	\$ 11,936
Interest	324
Other	<u>\$ 13,206</u>
Total Revenue	<u>\$ 25,466</u>
Total Support and Revenue	<u>\$987,578</u>
Expenses	
Program Services:	\$714,900
Supporting Services:	
Management & General	197,109
Fundraising	<u>5,977</u>
Total Supporting Services	<u>\$203,086</u>
Total Expenses	<u>\$917,986</u>
Increase/<Decrease> in Unrestricted Net Assets	<u>\$ 69,592</u>
Net Assets, Begin. of Year	\$ 249,946
Adjustment	37,742
Net Assets, End of Year	\$ 357,280

ELKA CHILD EDUCATIONAL CENTER, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2009

OPERATING ACTIVITIES

Increase/<Decrease> in Net Assets	\$ 69,592
Adjustments to reconcile net income to Net cash provided by operating activities:	
Amortization	27,132
Changes in operating assets and liabilities:	
Change in accounts receivable and prepaids	<63,935>
Change in payables and accrued expenses	<u>40,737</u>
Net cash provided by operating activities	\$ 73,526

INVESTING ACTIVITIES

Fixed Assets	<108,631>
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FINANCING ACTIVITIES

Loans payable	27,860
Adjustment	<u>37,742</u>
Increase/<Decrease> in cash	<u>30,497</u>
Cash at beginning of year	10,758
Cash at end of year	\$ <u>41,255</u>

ELKA CHILD EDUCATIONAL CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

<u>Description</u>	<u>Program</u>	<u>Mgt & General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	-	3,738	-	3,738
Bank Charges	-	5,245	-	5,245
Building & Grounds	32,883	3,654	-	36,537
Classroom	15,338	-	-	15,338
Employee Benefits	11,717	2,928	-	14,645
Fundraising	-	-	5,977	5,977
Grant Expenses	1,075	-	-	1,075
Human Resources	9,025	-	-	9,025
Insurance	9,127	9,126	-	18,253
Interest	-	3,913	-	3,913
Kitchen	65,538	-	-	65,538
Leasing	4,550	-	-	4,550
Licenses/Fees	-	3,520	-	3,520
Marketing/Subscriptions	-	841	-	841
Medical/Accident	11,167	2,792	-	13,959
Office Expense	1,936	4,520	-	6,456
Outside Contractors	14,182	-	-	14,182
Professional Fees	13,327	-	-	13,327
Repairs & Maintenance	-	1,397	-	1,397
Salaries	421,033	105,255	-	526,288
Taxes	39,735	9,932	-	49,667
Telephone	8,876	3,802	-	12,678
Transportation	35,737	4,402	-	40,139
Utilities	19,654	4,912	-	24,566
Depreciation	-	27,132	-	27,132
TOTAL EXPENSES	\$ 714,900	\$ 197,109	\$ 5,977	\$ 917,986

ELKA CHILD EDUCATIONAL CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

ELKA CHILD EDUCATIONAL CENTER, (ELKA), was incorporated under the General Not-For-Profit Corporation Act of Indiana in 1972. Elka was organized to operate nursery schools and to own, lease and rent real estate under the laws of the State of Indiana. Elka works with parents, businesses, and the community in a collaborative effort to provide quality educational experiences, with numerous hands-on activities, in a safe, healthy, and pleasurable environment. The nursery school age ranges from two to twelve years of age.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial statement presentation follows the recommendation 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, ELKA is required to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. ELKA had no restricted net assets as of June 30, 2009.

Contributions and Grants

Contributions, or grants received, and unconditional promises to give, are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existences of donor restrictions and the nature of those restrictions, if they exist. Contributions restricted by the donor are reported as increases in unrestricted net assets in the fiscal year received as the contribution. Temporarily restricted net assets are limited by donor-imposed stipulations that expire by the passage of time or that can be fulfilled by actions of the organization. Unrestricted net assets are all other contributions or grants that are not subject to donor-imposed stipulations.

ELKA CHILD EDUCATIONAL CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

Property and Equipment

The property and equipment fund is to account for funds restricted for property and equipment acquisitions and the subsequent expenditure of those funds. Property and equipment fund acquisitions are financed through current operations. Assets are valued at cost or at estimated value on date of donation. Depreciation is provided on a straight-line basis over estimated useful lives varying from five to thirty-nine years. Leasehold improvements are amortized on a straight-line basis over a period of ten years.

Income Taxes

ELKA is exempt from federal income tax under Section 501[©](3) of the Internal Revenue Code. It qualifies for charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Estimates

The preparation of ELKA's 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Grants Receivable

Grants receivable, in the amount of \$36,936, represents claims against state and federal governmental agencies for reimbursable contractual services rendered. No bad debt allowance was established because management believes no uncertainty surrounds cash collection for services rendered.