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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

January 13, 2011

Board of Directors
El Campito, Inc.
1024 W. Thomas St.
South Bend, IN 46601

We have reviewed the audit report prepared by Jurgonski & Fredlake, CPAs, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the El Campito, Inc., as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

EL CAMPITO, INC.

FINANCIAL REPORT

DECEMBER 31, 2007

CONTENTS

Jurgonski & Fredlake CPAs
418 W. Jefferson Blvd., South Bend, Indiana 46601

Office (574) 251-1414
Fax (574) 251-1477

Greg Jurgonski
John A. Fredlake

INDEPENDENT AUDITOR'S REPORT

Board of Directors of
El Campito, Inc.
South Bend, Indiana

We have audited the accompanying statement of financial position of El Campito, Inc. (a not for profit Organization) (the Organization) as of December 31, 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 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 provided 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 El Campito, Inc., as of December 31, 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.

Jurgonski & Fredlake CPAs

South Bend, Indiana
May 21, 2009

EL CAMPITO, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2007

ASSETS		
CURRENT ASSETS		
Cash	$	12,422
Accounts receivable		72,972
Prepaid insurance		2,788
Total current assets		88,182
PROPERTY AND EQUIPMENT		
Land and building improvements		150,000
Building		250,000
Furniture and equipment		44,161
Total property and equipment		444,161
Less accumulated depreciation		(76,650)
Property and equipment, net		367,511
Total assets	$	455,693
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	38,875
Total current liablilities		38,875
NET ASSETS		
Unrestricted net assets		
Learning Center		109,777
Parent Center		43,752
General and administrative		215,972
Total unrestricted net assets		369,501
Temporarily restricted net assets		47,317
Total net assets		416,818
Total liabilities and net assets	$	455,693

See Notes to Financial Statements.

EL CAMPITO, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

	Unrestricted						
PUBLIC SUPPORT AND REVENUE	Toddlers	Preschool	After School	Parents as Teachers	General and Administrative	Temporairly restricted	Total
PUBLIC SUPPORT:							
Voucher	$ 63,900	$ 60,804	$ 27,998	$	$	$	$ 152,702
Tuition	24,772	16,472	6,835		52		48,131
Contract	14,210	23,514	3,255		(632)		40,347
Food program	11,365	18,962	4,010				34,337
4C's	5,404	4,016	12,911				22,331
Unfunded tuition	13,438	9,467	4,208				27,113
United Way of St. Joseph County, Inc.				13,317	34,000	47,317	94,634
Real Services				31,450			31,450
Scholarship					8,025		8,025
Special events					5,013		5,013
United Way of St. Joseph Couinty, Inc. donor choice					4,594		4,594
Miscellaneous income					2,050		2,050
Contributions					2,108		2,108
Net assets released from restriction					72,030	(72,030)	
Total public support	133,089	133,235	59,217	44,767	127,240	(24,713)	472,835
EXPENSES	111,892	124,665	25,759	59,737	197,760		519,813
Change in net assets	21,197	8,570	33,458	(14,970)	(70,520)	(24,713)	(46,978)
Net assets, beginning of year	46,552			58,722	286,492	72,030	463,796
Net assets, end of year	$ 67,749	$ 8,570	$ 33,458	$ 43,752	$ 215,972	$ 47,317	$ 416,818

See Notes to Financial Statements.

EL CAMPITO, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2007

	Toddlers	Preschool	After School	Parents as Teachers	General and Administrative	Total
Salaries and wages	$ 81,401	$ 91,712	$ 15,353	$ 42,331	$ 110,735	$ 341,532
Payroll taxes	6,227	7,090	1,174	3,865	7,556	25,912
Supplies - food	8,486	12,825	2,845	20	1,447	25,623
Staff development	416	635	387	77		1,515
Supplies - educational	607	926	565	263		2,361
Field trips					26	26
Employee benefits	1,317	2,010	1,227	925		5,479
Conference and meetings				1,585	160	1,745
Building and ground maintenance				602	5,421	6,023
Printing and publishing				185	1,662	1,847
Audit services				425	3,820	4,245
Bookkeeping				659	5,933	6,592
Outside services				55	495	550
Computer repair				41	369	410
Equipment rental				425	3,827	4,252
Fundraiser				258	2,320	2,578
Insurance				1,070	9,636	10,706
Interest expense				307	2,760	3,067
Bank charges				34	300	334
Membership and dues				55	614	670
Mileage				2,094	527	2,621
Miscellaneous				17	148	165
Postage				35	319	354
Security fees				108	967	1,075
Supplies - cleaning				521	4,689	5,210
Supplies - office				326	2,931	3,257
Telephone				417	3,757	4,174
Utilities				1,372	12,352	13,724
Unfunded tuition	13,438	9,467	4,208			27,113
Total expenses before depreciation	111,892	124,665	25,759	58,072	182,771	503,159
Depreciation of property and equipment				1,665	14,989	16,654
Total expenses	$ 111,892	$ 124,665	$ 25,759	$ 59,737	$ 197,760	$ 519,813

See Notes to Financial Statements.

EL CAMPITO, INC.

STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (46,978)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES:	
Depreciation	16,654
CHANGE IN ASSETS INCREASE:	
Accounts receivable	11,037
Prepaid insurance	1,908
CHANGE IN LIABILITIES DECREASE:	
Accounts payable and accrued expenses	(6,741)
Total adjustments	22,858
Net cash used in operating activities	(24,120)
Net decrease in cash	(24,120)
Cash, beginning of year	36,542
Cash, end of year	$ 12,422

Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest	$ 3,067

See Notes to Financial Statements.

EL CAMPITO, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities:

The purpose of El Campito, Inc., (the Organization) is to promote the educational, social and economic success of culturally diverse children and their families by providing quality programs and services to those most in need. To achieve this purpose the Organization operates a pre-school program and day care center for children of low income families. In addition, the Organization provides a program to help single parents organize their families' lives and achieve self sufficiency.

Their services are funded through contributions, federal governmental grants and program fees.

Significant Accounting Policies:

Basis of Accounting - Revenue and expenses are recorded on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation – 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, 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.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting service expenses.

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

Accounts Receivable – The Organization considers all outstanding balances as of December 31, 2007 to be fully collectible. Management closely monitors outstanding balances and writes off, as of year end, all uncollectible balances. No allowance for uncollectible accounts receivable has been recorded.

Contributions - Contributions received are considered to be available for unrestricted use, unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a 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 as net assets released from restrictions.

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Property and Equipment – Property and equipment received as a donation are recorded and reflected in the accompanying financial statements at their fair market value as of the date they were received. These donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Purchased property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred while major renewals and betterments are capitalized. When property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations. Depreciation is computed using accelerated and straight line methods over the estimated useful lives of the assets.

Estimated useful lives of the assets are as follows:

Furniture and equipment	5-10 years
Building	10-20 years
Building improvements	20-40 years

Contributed Service - A number of unpaid volunteers have made significant contributions of their time to the Organization. The value of contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirements for recognition under Statement of Financial Accounting Standards No. 116.

Note 2. Income Tax Status

The Organization is a not for profit entity, exempt from federal and state income taxes, pursuant to Section 501(c)(3) of the Internal Revenue Code and a similar section of the Indiana State Law.

Note 3. Support from Major Funding Sources

The Organization receives a substantial amount of its support from federal, state and local agencies. A significant reduction in the level of support, if this were to occur, may have a significant effect on the Organization's programs and activities.

Note 4. Fundraising

The Organization received total support from fundraising events totaling $5,013 for the year ended December 31, 2007, which is included in special events income on the statement of activities. Fundraising expenses for the year ended December 31, 2007 were $2,578.

Note 5. Restrictions on Assets

Temporarily restricted net assets at December 31, 2007 represent the following:

United Way of St. Joseph County, Inc.	$ 47,317

Note 6. Lease

The Organization leased a copier for the office. The term of the lease was for thirty six months commencing on April 20, 2005 at $107 per month. Lease expense for this copier was $428 for the year ended December 31, 2007.

Note 7. New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. This statement does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. In February 2008, the FASB issued FASB Staff Position ("FSP") 157-2, Effective Date of FASB Statement No. 157, which delays the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis.

Management does not expect the implementation of SFAS No. 157 to have a material impact on its financial statements.