



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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October 14, 2011

Board of Directors
Child Care Network, Inc.
113 N. Chestnut St., Ste. 305
P.O. Box 305
Seymour, IN 47274

We have reviewed the audit report prepared by Rodefer Moss & Co., PLLC, Independent Public Accountants, for the period January 1, 2008 to December 31, 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 Child Care Network, Inc., as of December 31, 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. Page 19 contains the status of one prior audit finding.

STATE BOARD OF ACCOUNTS

Audited Financial Statements

Child Care Network, Inc.

December 31, 2008

CHILD CARE NETWORK, INC.
Seymour, Indiana

AUDITED FINANCIAL STATEMENTS
December 31, 2008

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INDEPENDENT AUDITOR'S REPORT

August 6, 2009

To the Board of Directors
CHILD CARE NETWORK, INC.
113 N. Chestnut, Suite 305
Seymour, IN 47274

We have audited the accompanying statement of financial position of **CHILD CARE NETWORK, INC.** (a nonprofit organization) as of December 31, 2008, 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 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 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 **CHILD CARE NETWORK, INC.** as of December 31, 2008, 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 August 6, 2009, on our consideration of **CHILD CARE NETWORK, INC.**'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 audit was conducted for the purpose of forming an opinion on the basic financial statements of **CHILD CARE NETWORK, 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 respects, in relation to the basic financial statements taken as a whole.

Rodefer Moss & Co, PLLC
RODEFER MOSS & CO, PLLC

CHILD CARE NETWORK, INC.
Seymour, Indiana

STATEMENT OF FINANCIAL POSITION
December 31, 2008

	Child Care <u>Network</u>	Kids Klub	Food <u>Program</u>	Caring for <u>Kids</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 9,125	\$ 74,938	\$ 1,703	\$ 14,540	\$ 100,306
Accounts Receivable	18,531	8,646	60,009	-	87,186
Prepaid Expenses	619	-	-	-	619
Furniture and Equipment, net of Accumulated Depreciation	-	1,996	-	-	1,996
 TOTAL ASSETS	 <u>\$ 28,275</u>	 <u>\$ 85,580</u>	 <u>\$ 61,712</u>	 <u>\$ 14,540</u>	 <u>\$ 190,107</u>
 <u>LIABILITIES AND NET ASSETS</u>					
<u>LIABILITIES</u>					
Accrued Expenses	\$ 3,576	\$ 3,395	\$ 60,009	\$ -	\$ 66,980
 TOTAL LIABILITIES	 <u>3,576</u>	 <u>3,395</u>	 <u>60,009</u>	 <u>-</u>	 <u>66,980</u>
 <u>NET ASSETS</u>					
Unrestricted Net Assets	<u>24,699</u>	<u>82,185</u>	<u>1,703</u>	<u>14,540</u>	<u>123,127</u>
 TOTAL NET ASSETS	 <u>24,699</u>	 <u>82,185</u>	 <u>1,703</u>	 <u>14,540</u>	 <u>123,127</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 28,275</u>	 <u>\$ 85,580</u>	 <u>\$ 61,712</u>	 <u>\$ 14,540</u>	 <u>\$ 190,107</u>

The accompanying notes are an integral part of these financial statements.

CHILD CARE NETWORK, INC.

Seymour, Indiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

	Child Care Network	Kids Klub	Food Program	Caring for Kids	Total
Support and Revenue:					
Federal Grant Funds	\$ -	\$ -	\$ 744,402	\$ -	\$ 744,402
Fees Collected	32,920	239,821	-	-	272,741
Program Income	-	73,608	-	10,401	84,009
Program Reimbursements	-	-	66,947	-	66,947
Donations	35,536	3,510	-	4,367	43,413
In-Kind Income	3,000	-	-	-	3,000
Other Income	12,836	274	-	825	13,935
Interest Income	-	323	-	739	1,062
Fundraising Income	-	-	-	1,910	1,910
Total Support and Revenue	84,292	317,536	811,349	18,242	1,231,419
Expenses:					
Program Service	53,612	273,389	827,422	29,105	1,183,528
Management and General	7,047	-	-	-	7,047
Total Expenses	60,659	273,389	827,422	29,105	1,190,575
Change in Net Assets	23,633	44,147	(16,073)	(10,863)	40,844
Net Assets at Beginning of Year	1,066	38,038	17,776	25,403	82,283
Net Assets at End of Year	\$ 24,699	\$ 82,185	\$ 1,703	\$ 14,540	\$ 123,127

The accompanying notes are an integral part of these financial statements.

CHILD CARE NETWORK, INC.
Seymour, Indiana

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Child Care Network	Program Service Expenses				Caring for Kids	Total Program Services	Management and General	Total
		Kids Klub	Food Program						
Salaries and Wages	\$ 34,000	\$ 191,932	\$ 53,977	\$ -	\$ -	\$ 279,909	\$ 5,268	\$ 285,177	
Payroll Taxes	2,601	14,683	4,129	-	-	21,413	-	21,413	
Program Supplies	197	25,869	-	844	-	26,910	-	26,910	
Program Expenses	-	9,818	-	-	-	9,818	-	9,818	
Provider Reimbursement	-	-	744,402	-	-	744,402	-	744,402	
Administrative Reimbursement	-	12,600	-	-	-	12,600	-	12,600	
Family Preschool Expense	-	-	-	903	-	903	-	903	
Insurance	6,694	1,418	2,324	342	-	10,778	-	10,778	
Rent Expense	173	600	3,573	-	-	4,346	-	4,346	
Utilities	1,026	297	-	1,087	-	2,410	-	2,410	
Copier Expense	731	63	517	25	-	1,336	-	1,336	
Telephone and Internet	1,308	2,340	1,472	-	-	5,120	-	5,120	
Travel	47	922	3,317	-	-	4,286	-	4,286	
Training	41	808	122	-	-	971	-	971	
Professional Fees	531	1,500	9,288	-	-	11,319	-	11,319	
Kids Fest Expense	-	-	-	3,570	-	3,570	-	3,570	
Fundraising Expenses	-	-	-	1,944	-	1,944	-	1,944	
Advertising and Printing	57	595	400	-	-	1,052	638	1,690	
Postage	273	180	-	151	-	604	536	1,140	
Contracted Services	-	457	-	19,701	-	20,158	-	20,158	
Dues and Subscriptions	285	30	75	-	-	390	-	390	
Equipment Expense	165	1,206	1,063	70	-	2,504	-	2,504	
Gift Expense	1,275	1,348	-	-	-	2,623	-	2,623	
Office Supplies and Expense	1,008	2,351	2,763	265	-	6,387	-	6,387	
Depreciation Expense	-	-	-	-	-	-	186	186	
Miscellaneous	200	372	-	203	-	775	419	1,194	
Contribution to Community Foundation	-	4,000	-	-	-	4,000	-	4,000	
In-Kind Expense	3,000	-	-	-	-	3,000	-	3,000	
Total Expenses	\$ 53,612	\$ 273,389	\$ 827,422	\$ 29,105	\$ -	\$ 1,183,528	\$ 7,047	\$ 1,190,575	

The accompanying notes are an integral part of this financial statement.

CHILD CARE NETWORK, INC.

Seymour, Indiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2008

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Change in net assets	\$ 40,844
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	186
(Increase) Decrease in:	
Changes in assets and liabilities:	
Accounts Receivable	(26,928)
Prepaid Expenses	486
Increase (Decrease) in:	
Accounts Payable	<u>21,456</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 36,044
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchases of Fixed Assets	<u>(2,182)</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 (2,182)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 33,862
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 <u>66,444</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 100,306</u>

The accompanying notes are an integral part of these financial statements.

CHILD CARE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2008

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Child Care Network, Inc. (the Organization) provides early childhood education and runs the Kids Klub program, an affordable day care within different elementary schools in Jackson County. The agency is also responsible for operating the Food Program through a contract with the Indiana Department of Education.

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.

Basis of 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.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable

The Organization carries its accounts receivable at cost. They represent amounts due from government agencies for services provided in months prior to year end. Management determines the allowance for uncollectible amounts based on historical collection of receivables. As of December 31, 2008, no allowance was considered necessary.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is included in the accompanying financial statements.

Property and Equipment

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The range of estimated useful lives for the assets is 5-10 years. The Organization's policy is to expense assets costing \$500 or less.

CHILD CARE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2008

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Statement of Cash Flows

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Restricted Donations

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 statement of activities as net assets released from restrictions. There were no restricted donations in the current year.

Advertising

The Organization uses advertising to promote various programs. The costs of advertising are expensed as incurred. For the year ending December 31, 2008, advertising costs totaled \$349.

Reclassifications

Beginning of the year net asset balances have been reclassified to conform to the presentation in the current year financial statements.

NOTE B – CONTINGENCIES/ STATE CONTRACTS

The Organization is substantially funded by grants and contracts awarded directly and indirectly by the Federal Government and the State of Indiana. The majority of the agreements contain provisions which permit the arrangements to be terminated or the funds provided to be reduced if the unit of government does not appropriate any or adequate funds to maintain the current funding levels. Any excess funds on hand at the termination date would be subject to refund if such funds exceeded the accrued expenditures allowable under the grants and contracts at that date. The agreement was not terminated at December 31, 2008 and therefore, there were no excess funds at December 31, 2008. Amounts received from state sources and included in income in 2008 is as follows:

Food Program	<u>\$744,402</u>
Total Funding	<u>\$744,402</u>

CHILD CARE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2008

NOTE B – CONTINGENCIES/ STATE CONTRACTS (Continued)

The Food Program amounts are a pass through from the Indiana Department of Education under the Child and Adult Food Care Program (CFDA 10.558). The contract reimburses the Food Program on a unit per service basis, and currently is in effect through September 30, 2009. Amounts due from services rendered totaled \$60,009 as of December 31, 2008. Amounts owed to the providers totaled \$ 60,009 as of December 31, 2008. The Food Program currently operates in the following Indiana counties: Jackson, Bartholomew, Clark, Washington, Jennings, Scott, Jefferson, and Ripley.

NOTE C – CONCENTRATION OF REVENUE

In the year ended December 31, 2008, the Organization received 61% of its revenue from the Indiana Department of Education for the services it provides to its home daycare centers.

NOTE D – COMMITMENTS

Child Care Network leases administrative office space from a related party under an agreement that began in December 2004, for a five year term. Lease expense increased from \$310 per month to \$575 per month on August 1, 2008. The monthly lease payment is made as follows:

Child Care Network	\$	75
Kids Club		200
Food Program		<u>300</u>
Total	\$	<u>575</u>

At December 31, 2008, the future minimum lease payments required by this lease are \$6,900 in 2009.

An unrelated organization subleased office space from Child Care Network for \$100 per month until August 2008. The total lease income for Child Care Network for the year was \$700 and is netted with rent expense on the statement of functional expenses.

The Organization is receiving \$945 per month from the landlord to act as manager of the building in which it is located. This agreement expires in December 2008 and is renewable with both parties' consent. Total amounts received during the year were \$12,285 and are included in Child Care Network's program income.

CHILD CARE NETWORK, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2008

Federal Grantor/Pass- Through Grantor/ <u>Program Title</u>	Federal CFDA <u>Number</u>	Pass-Through Grantor's <u>Number</u>	Federal Awards <u>Expended</u>
December 31, 2008			
Indiana Department of Education			
Child and Adult Care Food Program	10.558	1360010	\$ <u>744,402</u>
TOTAL			\$ <u>744,402</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **CHILD CARE NETWORK, 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basis financial statements.



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

August 6, 2009

CHILD CARE NETWORK, INC.

113 N. Chestnut, Suite 305
Seymour, Indiana 47274

We have audited the financial statements of **CHILD CARE NETWORK, INC.** (a nonprofit organization), as of and for the year ended December 31, 2008, and have issued our report thereon dated August 6, 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 **CHILD CARE NETWORK, INC.**'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 **CHILD CARE NETWORK, INC.**'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 **CHILD CARE NETWORK, 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*.

We noted certain matters that we reported to management of **CHILD CARE NETWORK, INC.** in a separate letter dated August 6, 2009.

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

Roderfer Moss & Co, PLLC
RODEFER MOSS & CO, PLLC



REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

August 6, 2009

CHILD CARE NETWORK, INC.
113 N. Chestnut, Suite 305
Seymour, Indiana 47274

Compliance

We have audited the compliance of **CHILD CARE NETWORK, 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 December 31, 2008. **CHILD CARE NETWORK, INC.**'s major federal program is 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 **CHILD CARE NETWORK, INC.**'s management. Our responsibility is to express an opinion on **CHILD CARE NETWORK, 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 **CHILD CARE NETWORK, 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 **CHILD CARE NETWORK, INC.**'s compliance with those requirements.

In our opinion, **CHILD CARE NETWORK, INC.**, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The management of **CHILD CARE NETWORK, 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 **CHILD CARE NETWORK, INC.**'s internal control over compliance with the 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 **CHILD CARE NETWORK, INC.**'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 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 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 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 management, 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.

Roderfer Moss & Co, PLLC
RODEFER MOSS & CO, PLLC

CHILD CARE NETWORK, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2008

Schedule of Findings and Questioned Costs

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 X no
- Significant deficiencies identified that are not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? ___ yes X none reported

Type of auditor's report issued on compliance for major programs: *unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ___ yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.558

Child and Adult Care Food

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee? ___yes X no

CHILD CARE NETWORK, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2008**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

CHILD CARE NETWORK, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2008

FINDING 2007-1: Financial statement preparation

Condition: This finding was a significant deficiency stating that the Organization did not have sufficient, capable, expertise to prepare a complete set of financial statements and related footnote disclosures.

Current Status: The Organization has hired a bookkeeper with sufficient, capable, expertise to prepare a complete set of financial statements and related footnote disclosures.