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October 18, 2013

Board of Directors
Early Childhood Alliance, Inc.
3320 Fairfield Ave.
Fort Wayne, IN 46807

We have reviewed the audit report prepared by Dulin, Ward & DeWald, Inc., Independent Public Accountants, for the period January 1, 2009 to December 31, 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 Early Childhood Alliance, Inc., as of December 31, 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

EARLY CHILDHOOD ALLIANCE, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2009

With Summarized Information for December 31, 2008

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Early Childhood Alliance, Inc.
Fort Wayne, Indiana

We have audited the accompanying statement of financial position of Early Childhood Alliance, Inc. (a nonprofit organization) as of December 31, 2009, 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. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and in our report dated April 9, 2009, we expressed an unqualified opinion on those financial statements.

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 Early Childhood Alliance, Inc. as of December 31, 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.

In accordance with Government Auditing Standards, we have also issued a report dated March 23, 2010 on our consideration of Early Childhood Alliance, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 performed for the purpose of forming an opinion on the basic financial statements of Early Childhood Alliance, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and related notes is presented for the purpose 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.

Dubin, Ward & DeWald, Inc.

Fort Wayne, Indiana
March 23, 2010

EARLY CHILDHOOD ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2009 with Summarized Information for December 31, 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 401,224	\$ 133,636
Short-term investments	169,360	568,513
Pledges receivable - net	395,000	10,000
Claims receivable	266,732	212,632
Prepaid expenses and deposits	12,593	7,500
Long-term investments	215,278	178,785
Beneficial interest	2,468	2,070
Fixed assets - net	<u>1,779,579</u>	<u>1,826,297</u>
Total Assets	<u>\$ 3,242,234</u>	<u>\$ 2,939,433</u>
LIABILITIES AND NET ASSETS		
Accounts payable:		
Trade	\$ 25,193	\$ 28,744
Food and service reimbursements	75,926	65,945
Employees' payroll deductions and accrued expenses	<u>209,810</u>	<u>197,599</u>
Total Liabilities	310,929	292,288
Net Assets:		
Unrestricted net assets	2,324,135	2,361,448
Temporarily restricted net assets	<u>607,170</u>	<u>285,697</u>
Total Net Assets	<u>2,931,305</u>	<u>2,647,145</u>
Total Liabilities and Net Assets	<u>\$ 3,242,234</u>	<u>\$ 2,939,433</u>

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

EARLY CHILDHOOD ALLIANCE, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2009 with Summarized
Information for the Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted
CHANGES IN NET ASSETS		
Support, Revenue and Gains:		
Contributions	\$ 89,208	\$ 5,000
United Way	29,750	140,000
Grants - federal	-	1,989,541
Grants - other	76,213	735,105
Fund raising events	39,357	-
Less direct benefit to donors	(927)	-
Program service fees	1,079,337	-
Investment revenue	10,489	-
Gain on investments	31,511	-
Miscellaneous	4,298	-
Net Assets Released From Restrictions:		
Satisfaction of program requirements	2,545,315	(2,545,315)
Satisfaction of time requirements	2,858	(2,858)
	3,907,409	321,473
Expenses and Losses:		
Child care	1,543,628	-
Training	139,601	-
Resource and referral	496,330	-
Food program	1,068,896	-
Child Care and Early Education Partnership	-	-
Parents as Teachers	238,519	-
Mentoring	133,323	-
Administration	217,757	-
Fund raising	106,249	-
Loss on disposal of fixed assets	419	-
Loss on investments	-	-
	3,944,722	-
CHANGE IN NET ASSETS	(37,313)	321,473
NET ASSETS - beginning of year	2,361,448	285,697
NET ASSETS - end of year	\$ 2,324,135	\$ 607,170

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

	Total	
	2009	2008
\$	94,208	\$ 131,274
	169,750	212,624
	1,989,541	1,868,869
	811,318	517,460
	39,357	22,095
	(927)	(1,211)
	1,079,337	836,060
	10,489	34,647
	31,511	-
	4,298	4,740
	-	-
	-	-
	<u>4,228,882</u>	<u>3,626,558</u>
	1,543,628	1,526,262
	139,601	196,933
	496,330	530,250
	1,068,896	941,738
	-	90,208
	238,519	291,205
	133,323	173,421
	217,757	193,808
	106,249	104,578
	419	-
	-	81,343
	<u>3,944,722</u>	<u>4,129,746</u>
	284,160	(503,188)
	<u>2,647,145</u>	<u>3,150,333</u>
\$	<u><u>2,931,305</u></u>	<u><u>\$ 2,647,145</u></u>

EARLY CHILDHOOD ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2009 with Summarized
Financial Information for the Year Ended December 31, 2008

	Child Care	Training	Resource and Referral	Food Program
Salaries	\$ 959,126	\$ 77,110	\$ 337,458	\$ 91,280
Employee health and retirement benefits	115,991	4,532	46,963	12,298
Payroll taxes	69,898	5,619	24,593	6,652
Total Salaries and Related Expenses	1,145,015	87,261	409,014	110,230
Specific assistance to individuals	1,942	4,190	574	928,230
Occupancy	138,134	6,215	18,514	5,888
Food service	165,779	-	9	2
Program supplies	16,708	26,987	14,516	4,141
Program travel / transportation	3,036	4,339	13,054	5,712
Printing / public relations	9,900	1,454	23,636	2,711
Professional development	5,263	3,705	6,067	7,426
Professional fees	-	5,450	6,639	2,341
Miscellaneous	4,902	-	18	15
Contracted services	2,533	-	1,556	1,114
Administrative fees	633	-	2,574	275
Board of directors	-	-	9	32
Total Expenses Before Depreciation	1,493,845	139,601	496,180	1,068,117
Depreciation	49,783	-	150	779
Total Expenses	\$ 1,543,628	\$ 139,601	\$ 496,330	\$ 1,068,896

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

Parents as Teachers	Mentoring	Admini- stration	Fund Raising	Total 2009	Total 2008
\$ 134,393	\$ 67,492	\$ 46,907	\$ 79,188	\$ 1,792,954	\$ 1,984,117
50,364	3,707	70,122	1,079	305,056	223,205
9,794	4,919	3,418	5,771	130,664	132,561
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
194,551	76,118	120,447	86,038	2,228,674	2,339,883
-	451	1,645	24	937,056	830,269
10,156	8,908	21,470	4,353	213,638	230,855
-	-	33	-	165,823	144,041
1,357	35,661	5,982	1,196	106,548	121,708
27,091	4,307	342	76	57,957	66,777
782	2,201	5,368	30	46,082	102,991
4,253	2,847	6,195	679	36,435	45,115
-	2,830	11,890	392	29,542	49,130
-	-	142	13,260	18,337	12,685
-	-	8,929	-	14,132	19,119
200	-	8,026	50	11,758	10,461
-	-	7,272	151	7,464	2,250
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
238,390	133,323	197,741	106,249	3,873,446	3,975,284
129	-	20,016	-	70,857	73,119
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 238,519</u>	<u>\$ 133,323</u>	<u>\$ 217,757</u>	<u>\$ 106,249</u>	<u>\$ 3,944,303</u>	<u>\$ 4,048,403</u>

EARLY CHILDHOOD ALLIANCE, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2009 with Summarized Information
for the Year Ended December 31, 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 284,160	\$ (503,188)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	70,857	73,119
(Gain) loss on investments	(31,511)	81,343
Loss on disposal of fixed assets	419	-
Change in beneficial interest	(398)	928
Change in assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	(385,000)	280,000
Claims receivable	(54,100)	(13,840)
Prepaid expenses and deposits	(5,093)	2,442
Increase (decrease) in:		
Accounts payable	6,430	(60,821)
Employees' payroll deductions and accrued expenses	12,211	85,370
	<u>12,211</u>	<u>85,370</u>
Cash Flows From Operating Activities	(102,025)	(54,647)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(27,547)	(300,448)
Proceeds from sale of investments	21,718	342,150
Certificates of deposit redeemed	400,000	-
Purchase of fixed assets	(24,558)	(28,517)
	<u>369,613</u>	<u>13,185</u>
Cash Flows From Investing Activities		
	369,613	13,185
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	267,588	(41,462)
CASH AND CASH EQUIVALENTS - beginning of year	133,636	175,098
	<u>133,636</u>	<u>175,098</u>
CASH AND CASH EQUIVALENTS - end of year	\$ 401,224	\$ 133,636
	<u>\$ 401,224</u>	<u>\$ 133,636</u>

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

EARLY CHILDHOOD ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Early Childhood Alliance, Inc. is located in Fort Wayne, Indiana and operates two children's centers. Its services include early childhood education, professional training and development, family child care network, parent education, advocacy, child care resource and referral and corporate consultation on child care benefits in northeast Indiana. The Organization's main source of revenue includes grants from the government and foundations and program service fees.

On January 1, 2009, the Organization adopted FASB ASC 740-10, formerly FIN 48-3, "Accounting for Uncertainty in Income Taxes." The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods include years ending December 31, 2007, 2008 and 2009. The Organization's management has determined that there are no events that would more likely than not cause the above tax position to change within the next twelve months.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Gifts of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit their use. In the case of temporarily restricted support, when the 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. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and no assets are reclassified in the statement of activities.

For purposes of the statement of cash flows, the Organization considers all highly liquid investments, not held at brokerage firms, with a maturity of three months or less at the time of purchase to be cash equivalents.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

The Organization recognizes pledges as public support in the year the pledge is made. Pledges and claims receivable are due from government and other significant funding sources. Based upon historical collection experience with these agencies, no allowance for doubtful accounts is deemed necessary.

Due to the uncertainty of collection, daycare program fee revenue is recognized when collected rather than when earned.

Investments are carried at fair value. Substantially all of the investments have readily determinable values. Fair value is determined by brokerage statements received from reputable brokerage firms.

Fixed assets are stated at cost, or if donated, at fair value at the date of the gift. The cost of fixed assets is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. It is not the Organization's policy to imply time restrictions expiring over the useful life of donated assets. All items with a cost in excess of \$1,000 and a useful life in excess of one year are capitalized.

For Indiana Employment Security Act purposes, the Organization has elected to reimburse the State for unemployment compensation claims paid rather than to fund the State unemployment compensation reserve. Such reimbursements are recognized as expense as they are paid.

Management has evaluated subsequent events through March 23, 2010, the date which the financial statements were available for issue.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

2. PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2009 are as follows:

Amounts due in:		
Less than one year	\$	220,000
One to five years		175,000
Greater than five years		<u>-</u>
	\$	<u>395,000</u>

The Organization has received notification of an intention to give in the amount of \$140,000 from the United Way of Allen County. The expected funding is to be used for programs in 2010 and 2011 and has not been recorded as an asset of the Organization as of December 31, 2009.

3. INVESTMENTS

Investments as of December 31, 2009 are summarized as follows:

	Cost	Market
Short Term:		
Cash and cash equivalents	\$ 19,044	\$ 19,044
Fixed income	<u>150,316</u>	<u>150,316</u>
	<u>\$ 169,360</u>	<u>\$ 169,360</u>
Long Term:		
Equities	\$ 141,324	\$ 128,683
Mutual funds - fixed income	74,989	76,573
Money funds	<u>10,022</u>	<u>10,022</u>
	<u>\$ 226,335</u>	<u>\$ 215,278</u>

4. BENEFICIAL INTEREST

The beneficial interest consists of funds held by the Community Foundation of Greater Fort Wayne (Foundation) which are the result of an agreement whereby the Organization transferred assets to the Foundation and specified itself as the beneficiary of those assets. The Organization may draw up to a certain percent of the value of the assets each year, but may only obtain a return of the full value of the assets upon consent of the Foundation.

Additionally, the Foundation holds investment assets, with a value of \$8,251 at December 31, 2009, for the benefit of the Organization for which it has the retained variance power. These investments are not recorded as assets of the Organization.

5. FAIR VALUE MEASUREMENT

Assets measured at fair value on a recurring basis are summarized as follows:

	Fair Value at December 31, 2009
Investments	\$ 384,638
Beneficial interest	<u>2,468</u>
 Total	 <u>\$ 387,106</u>

Fair value was determined as follows:

	Quoted prices in Active Markets	Unobservable Inputs
Investments	\$ 384,638	\$ -
Beneficial interest	<u>-</u>	<u>2,468</u>
 Total	 <u>\$ 384,638</u>	 <u>\$ 2,468</u>

(continued)

5. FAIR VALUE MEASUREMENT (continued)

For all investments fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of the beneficial interest in funds held by Community Foundation of Greater Fort Wayne (Foundation) is based on the Organization's proportionate share of the Foundation's pooled investment portfolio. The Organization's management reviews the valuations and returns in comparison to industry benchmarks and other information provided by the Foundation.

Following is the reconciliation of activity for 2009 for assets measured at fair value based on significant unobservable (non-market) information:

Beginning balance - January 1, 2009	\$	2,070
Total gains or losses (realized and unrealized) included in earnings:		
Investment revenue		84
Gain on investments		421
Administrative fees		<u>(107)</u>
Ending balance - December 31, 2009	\$	<u>2,468</u>

6. FIXED ASSETS

The components of fixed assets as of December 31, 2009 are as follows:

Land and improvements	\$	319,059
Buildings		1,946,156
Equipment		<u>189,667</u>
		2,454,882
Accumulated depreciation		<u>675,303</u>
	\$	<u>1,779,579</u>

7. NET ASSETS

Unrestricted net assets in the amount of \$215,278 at December 31, 2009 have been designated by the Board of Directors for endowment purposes.

Temporarily restricted net assets as of December 31, 2009 are restricted as follows:

Programming requirements	\$	212,170
Time requirement		<u>395,000</u>
	\$	<u>607,170</u>

8. ENDOWMENT

Early Childhood Alliance, Inc. has currently invested its board designated endowment funds in an investment account with a mixture of equities, fixed income and cash and cash equivalents. The Organization has adopted investment policies for endowment assets that attempts to generate a reasonable return from interest, dividends, and capital appreciation consistent with the Organizations need to fund the activities supported by the endowment fund, having due regard not only for the safety of principal but also for the desirability of some long term appreciation of principal to offset inflation. The purpose of the endowment is to hold and invest monies and other properties to provide for emergencies and expansion, and to enable the Organization to better achieve the objectives of its mission. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment Net Asset Composition by Type of Fund as of December 31, 2009:

Unrestricted net assets:

Board designated endowment funds	\$ 215,278
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Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2009:

Unrestricted net assets:

Endowment net assets – beginning of year	\$ 178,785
Investment return:	
Investment income	6,184
Net appreciation (realized and unrealized)	33,259
Fees	<u>(3,000)</u>
Total investment return	36,443
Contributions	50
Appropriation of endowment assets for expenditures	<u>-</u>
Endowment net assets – end of year	<u>\$ 215,278</u>

9. EMPLOYEE BENEFIT PLAN

The Organization sponsors a tax deferred annuity retirement plan under Section 403(b) of the Internal Revenue Code. The plan covers all full-time employees over eighteen years of age with at least one year of service. The Organization matches a certain percentage contributed by the employees. Contributions to the plan charged to operations were \$26,764 in 2009.

10. OPERATING LEASES

Early Childhood Alliance, Inc. leases certain of its operating facilities and equipment under operating leases expiring in various years through 2013. Thereafter, the leases are renewable annually. Total rental expense was \$52,864 for 2009.

Minimum future lease payments under noncancelable leases having initial or remaining terms of one year or more as of December 31, 2009 for each of the next five years and in the aggregate are:

2010	\$	55,440
2011		2,568
2012		2,568
2013		428
2014 and thereafter		<u>-</u>
	\$	<u>61,004</u>

11. CREDIT RISK AND CONCENTRATIONS

The Organization receives substantial support from the federal government. A significant reduction in the level of this support, if it were to occur, may have an effect on the Organization's programs and activities. Claims for federally supported programs are filed and reimbursed on a bi-weekly basis.

The Organization maintains cash balances at local banks. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At December 31, 2009, deposits in excess of the insured amount totaled \$145,898.

12. ADVERTISING COSTS

Advertising costs are charged to operations when incurred. The cost of advertising charged to operations in 2009 was \$28,748.

13. IN-KIND CONTRIBUTIONS

The Organization recognizes contributions of revenue for certain services and supplies received at the fair value of those services and supplies. Those services and supplies include the following:

	2009
Fundraising:	
Printing, publicity and supplies for special events	\$ 12,809

EARLY CHILDHOOD ALLIANCE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2009

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Revenue Recognized	Expenditures
U.S. Department of Agriculture:				
Passed through Indiana Department of Education:				
Child and Adult Care				
Food Program	10.558	102-0001	\$ 1,197,635	\$ 1,197,635
U.S. Department of Health and Human Services:				
Passed through Indiana Family and Social Service Administration:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund				
	93.596	02-04-1A-0201 & 02-05-1A-0201	240,146	240,146
Passed through Indiana Association for Child Care Resource & Referral:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund				
	93.596	49-08-87-0491	490,501	490,501
Passed through Indiana Association for the Education of Young Children:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund				
	93.596	n/a	<u>61,259</u>	<u>61,259</u>
Total Federal Assistance			<u><u>\$ 1,989,541</u></u>	<u><u>\$ 1,989,541</u></u>

The accompanying notes are an integral part of this schedule.

EARLY CHILDHOOD ALLIANCE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2009

1. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Early Childhood Alliance, 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 preparation of, the basic financial statements.



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**INDEPENDENT AUDITOR'S 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
Early Childhood Alliance, Inc.
Fort Wayne, Indiana

We have audited the financial statements of Early Childhood Alliance, Inc. as of and for the year ended December 31, 2009, and have issued our report thereon dated March 23, 2010. 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 Early Childhood Alliance, Inc.'s internal control over financial reporting in order to determine 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 Early Childhood Alliance, 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 deficiency in internal control 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 material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Early Childhood Alliance, 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 in a separate letter dated March 23, 2010.

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

Dubin, Ward & DeWald, Inc.

Fort Wayne, Indiana
March 23, 2010



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

Board of Directors
Early Childhood Alliance, Inc.
Fort Wayne, Indiana

Compliance

We have audited the compliance of Early Childhood Alliance, Inc. 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 each of its major federal programs for the year ended December 31, 2009. Early Childhood Alliance, Inc.'s major federal programs are 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 each of its major federal programs is the responsibility of Early Childhood Alliance, Inc.'s management. Our responsibility is to express an opinion on Early Childhood Alliance, 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 Early Childhood Alliance, 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 on Early Childhood Alliance, Inc.'s compliance with those requirements.

In our opinion, Early Childhood Alliance, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of Early Childhood Alliance, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Early Childhood Alliance, 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Early Childhood Alliance, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, 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 the board of directors, management, 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.

Dulin, Ward & DeWald, Inc.

Fort Wayne, Indiana
March 23, 2010

EARLY CHILDHOOD ALLIANCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 December 31, 2009

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 deficiency(ies) identified that
are not considered to be material
weakness(es)? ___ 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 deficiency(ies) identified that
are not considered to be material
weakness(es)? ___ Yes X None
Reported

Type of 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 Circular A-133? ___ Yes X No

(continued)

EARLY CHILDHOOD ALLIANCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2009

(continued)

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Dollar threshold used to distinguish between
type A and type B programs: \$ 300,000

Audited qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings

No reportable conditions, material weaknesses or instances of noncompliance noted.

Section III - Federal Award Findings and Questioned Costs

No material weaknesses or instances of noncompliance, including questioned costs noted.

EARLY CHILDHOOD ALLIANCE, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2009

08-01 Significant deficiency over financial reporting -- Material journal entries proposed to management. This finding no longer exists.