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March 29, 2018

Board of Directors  
Child Care Network, Inc.  
113 N. Chestnut St.  
Suite 305  
Seymour, IN 47274

We have reviewed the report prepared by Child Care Network, Inc. and opined upon by Humphrey CPA Group, LLC, Independent Public Accountants, for the period October 1, 2014 to September 30, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Child Care Network, Inc. as of September 30, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Humphrey CPA Group, LLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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

  
Paul D. Joyce, CPA  
State Examiner

***CHILD CARE NETWORK, INC.***  
**(An Indiana Not-for-Profit Corporation)**

***Financial Statements***

***Years Ended September 30, 2015 and 2014***

***CHILD CARE NETWORK, INC.***  
**(An Indiana Not-for-Profit Corporation)**

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## Humphrey CPA Group, L.L.C.

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445 N. Pennsylvania Street, Suite 941  
Indianapolis, IN 46204

### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Child Care Network, Inc.  
Seymour, Indiana

#### **Report on the Financial Statements**

We have audited the accompanying statements of **Child Care Network, Inc.** (the Agency) (an Indiana Not-for-Profit Corporation) which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of September 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on page 13, Schedule of Expenditures of Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Agency's financial statements for the year ended September 30, 2014 were audited by a predecessor auditor and their report dated January 27, 2015, expressed an unmodified opinion on those audited financial statements.

**Reports Issued in Accordance with *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated February 22, 2016 on our consideration of the Agency's internal control over financial reporting and on 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 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 *the Guide* in considering the Agency's internal control over financial reporting and compliance.

*Humphrey CPA Group, L.L.C.*

Indianapolis, Indiana

February 22, 2016

# CHILD CARE NETWORK, INC.

## STATEMENTS OF FINANCIAL POSITION September 30, 2015 and 2014

	2015	2014
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash	\$ 42,489	\$ 78,114
Cash-restricted	34,726	9,832
Accounts receivable	61,817	68,352
Prepaid expenses	3,028	3,848
<b>TOTAL CURRENT ASSETS</b>	<b>142,060</b>	<b>160,146</b>
NON CURRENT ASSETS		
Investments, at fair value	264,124	246,155
Certificate of Deposit	85,644	85,134
Property and equipment, net	3,572	4,900
Total non current assets	<b>353,340</b>	<b>336,189</b>
<b>TOTAL ASSETS</b>	<b>\$ 495,400</b>	<b>\$ 496,335</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
CURRENT LIABILITIES		
Accounts payable	\$ 4,045	\$ 2,983
Accrued expenses	21,172	58,333
<b>TOTAL LIABILITIES</b>	<b>25,217</b>	<b>61,316</b>
NET ASSETS		
Unrestricted		
Unrestricted net assets	276,033	247,582
Board designated net assets	155,639	177,605
Temporarily restricted	38,511	9,832
<b>TOTAL NET ASSETS</b>	<b>470,183</b>	<b>435,019</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 495,400</b>	<b>\$ 496,335</b>

See independent auditor's report and accompanying notes.

# CHILD CARE NETWORK, INC.

## STATEMENTS OF ACTIVITIES For the years ended September 30, 2015 and 2014

	2015			2014
	Unrestricted	Temporarily Restricted	Total	(Memo only) Total
<b>SUPPORT AND REVENUE</b>				
Food program	\$ 408,980	\$ 0	\$ 408,980	\$ 568,370
Fees collected	194,416	0	194,416	174,900
Grants	54,769	34,726	89,495	50,588
United Way Allocation	13,073	3,785	16,858	16,226
Program reimbursements	76,338	0	76,338	62,761
Fundraising	3,073	0	3,073	3,173
Contributions received	3,138	0	3,138	1,845
In-kind contributions	3,017	0	3,017	685
Interest and dividend income	13,345	0	13,345	5,471
Other income	6,075	0	6,075	9,773
Gain (loss) on value of investments	(19,111)	0	(19,111)	12,092
<b>Total revenue</b>	<b>757,113</b>	<b>38,511</b>	<b>795,624</b>	<b>905,884</b>
Other revenue				
Net assets released from restrictions	9,832	(9,832)	0	0
<b>TOTAL SUPPORT AND REVENUE</b>	<b>766,945</b>	<b>28,679</b>	<b>795,624</b>	<b>905,884</b>
<b>EXPENSES</b>				
Program services				
Kids Klub	148,213	0	148,213	143,044
Food Program	399,938	0	399,938	554,056
Caring For Kids	55,683	0	55,683	58,829
CASA	59,328	0	59,328	45,082
Total program service expenses	663,162	0	663,162	801,011
Supporting services				
Management and general	97,298	0	97,298	89,405
Fundraising	0	0	0	0
<b>TOTAL EXPENSES</b>	<b>760,460</b>	<b>0</b>	<b>760,460</b>	<b>890,416</b>
<b>CHANGE IN NET ASSETS</b>	<b>6,485</b>	<b>28,679</b>	<b>35,164</b>	<b>15,468</b>
<b>NET ASSETS (DEFICIT), BEGINNING</b>	<b>425,187</b>	<b>9,832</b>	<b>435,019</b>	<b>419,551</b>
<b>NET ASSETS (DEFICIT), ENDING</b>	<b>\$ 431,672</b>	<b>\$ 38,511</b>	<b>\$ 470,183</b>	<b>\$ 435,019</b>

See independent auditor's report and accompanying notes.

# CHILD CARE NETWORK, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES For the years ended September 30, 2015 and 2014 (Comparative purposes only)

	2015							2014	
	Program services				Supporting Services			Total Expenses	Total Expenses
	Kids Klub	Food Program	Caring For Kids	CASA	Total	Management and General	Fundraising		
Salaries	\$ 111,258	\$ 22,087	\$ 10,245	\$ 39,140	\$ 182,730	\$ 52,980	\$ 0	\$ 235,710	\$ 246,571
Payroll taxes	8,619	1,716	784	3,172	14,291	4,545	0	18,836	19,275
Employee benefits	186	0	0	0	186	10,720	0	10,906	8,467
Provider reimbursement	0	357,069	0	0	357,069	0	0	357,069	500,192
Program supplies	11,443	0	20,716	41	32,200	66	0	32,266	14,856
Contracted services	0	1,620	21,575	0	23,195	0	0	23,195	20,807
Insurance	141	2,082	0	26	2,249	9,315	0	11,564	15,415
Professional fees	182	4,720	0	1,211	6,113	5,326	0	11,439	11,722
Occupancy	3,462	1,958	0	2,400	7,820	880	0	8,700	8,250
Travel	870	2,588	284	4,836	8,578	107	0	8,685	7,049
Telephone	2,381	1,330	0	1,667	5,378	1,783	0	7,161	5,106
Meals	0	2,316	40	425	2,781	1,949	0	4,730	2,274
Office supplies	1,138	1,088	85	1,411	3,722	978	0	4,700	3,445
Training	700	455	312	2,197	3,664	625	0	4,289	2,247
Advertising	449	139	905	232	1,725	2,526	0	4,251	2,971
Assistance to others	3,958	0	0	0	3,958	0	0	3,958	6,641
In-kind	0	0	0	852	852	2,165	0	3,017	685
Depreciation	0	0	0	0	0	1,928	0	1,928	1,945
Postage and printing	387	336	118	494	1,335	331	0	1,666	2,340
Dues and subscriptions	777	134	50	422	1,383	68	0	1,451	2,019
Equipment	237	156	81	386	860	536	0	1,396	2,042
Administrative reimbursement	0	0	0	0	0	359	0	359	1,749
Miscellaneous	2,025	144	488	416	3,073	111	0	3,184	4,348
Total expenses	\$ 148,213	\$ 399,938	\$ 55,683	\$ 59,328	\$ 663,162	\$ 97,298	\$ 0	\$ 760,460	\$ 890,416

See independent auditor's report and accompanying notes.

# CHILD CARE NETWORK, INC.

## STATEMENTS OF CASH FLOWS For the years ended September 30, 2015 and 2014

	2015	2014
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 35,164	\$ 15,468
Non-cash items		
Depreciation	1,928	1,945
(Gain) loss on value of investments	19,111	(12,092)
Income from investments	(12,590)	(4,186)
Decrease (increase) in assets		
Accounts receivable	6,536	9,989
Prepaid expenses	820	185
Increase (decrease) in liabilities		
Accounts payable	1,062	420
Accrued expenses	(37,161)	2,195
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>14,870</b>	<b>13,924</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(600)	(600)
Redemptions of certificates of deposit	0	100,000
Purchases of certificates of deposit	0	(50,000)
Proceeds from sale of investments	0	6,000
Purchase of investments	(25,000)	(56,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(25,600)</b>	<b>(600)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>0</b>	<b>0</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(10,730)</b>	<b>13,324</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>87,946</b>	<b>74,622</b>
<b>CASH, END OF YEAR</b>	<b>\$ 77,216</b>	<b>\$ 87,946</b>
Interest paid during the year	\$ 0	\$ 0

See independent auditor's report and accompanying notes.

# CHILD CARE NETWORK, INC.

## NOTES TO THE FINANCIAL STATEMENTS For the years ended September 30, 2015 and 2014

### (1) NATURE OF OPERATIONS

Child Care Network, Inc. (the Agency) began its operation in June, 1989. The Agency provides early childhood education and runs the Kids Klub program, an affordable day care within different elementary schools in Jackson County. The Agency works in a partnership with Court Appointed Special Advocates (CASA) for Children to aid abused and neglected children in the courtroom and other settings. The Agency was responsible for operating the Food Program through a contract with the Indiana Department of Education. The Agency's contract as a sponsor for home daycares was not renewed in September 2015.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Method of Accounting -

The Agency uses the accrual method of accounting. Revenue is recognized in the period services are provided. The Agency records cost reimbursement grants as revenues in the period in which the related expenses are incurred and claimed for reimbursement. Expenses are recorded in the period the expenditure is incurred. The Agency also reports 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 as required by the Not-For-Profit Entities Topic of the FASB Accounting Standards Codification.

#### Accounts receivable

Accounts receivable represent amounts billed to funding sources for eligible expenses incurred during program activities and reported at cost. Adjustments made at the funding source are recorded in the month for which the claim is billed. The allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. At September 30, 2015 and 2014, management estimated that no allowance was needed.

#### Use of Estimates -

The presentation of financial statements in conformity with generally accepted accounting principles of the United States of America 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.

Restricted cash - Restricted cash consists of cash held by the Agency that is restricted for a specific time or purpose totaled \$34,726 and \$6,280 as of September 30, 2015 and 2014, respectively. Funds held in restricted cash as of September 30, 2015 were composed of \$4,780 from the United Way Jump Start Grant, \$400 from the United Way Jump Start Grant, and \$21,546 from the On My Way Pre-K Grant and \$8,000 from the Jackson County Education Coalition. Funds held in restricted cash as of September 30, 2014 were composed of \$6,280 from the Invest Grant.

# CHILD CARE NETWORK, INC.

## NOTES TO THE FINANCIAL STATEMENTS For the years ended September 30, 2015 and 2014

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fixed Assets -

The Agency's capitalization policy is to capitalize items over \$500 which has a useful life of more than one year for equipment. Equipment purchased in excess of \$5,000 with grant dollars are expensed due to the right of the funding source to take over possession of the assets upon expiration of the contract or termination of the Agency. Equipment is recorded at cost and depreciation using the straight-line method over the useful lives of 3 to 7 years. Expenditures for repairs and maintenance are written off in the year incurred, unless the expenditure materially prolongs the useful life of the related asset. Donated assets are recorded at fair market value at the time of donation.

#### Donated Assets and Services -

Donations of non-cash items are recorded as contributions at their estimated fair value at the date of donation.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations 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 Agency reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time. However, if the restrictions expire in the fiscal year in which the contributions are received, the contributions are reported as unrestricted support in the year received. For the years ended September 30, 2015 and 2014 the Agency received \$3,017 and \$685 in donated materials.

Donated services are recognized if the services create or enhance non-financial assets or require specialized skills, performed by persons with those skills that would otherwise be purchased by the Agency. Volunteers also donate their time and perform a variety of tasks throughout the year that assist the Agency with specific programs and various committee assignments that are not recognized as contributions in the financial statements.

#### Statement of Cash Flows -

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

#### Functional Allocation of Expenses

The Agency summarizes the costs of providing the various programs and supporting services on a functional basis in the statements of activities based on an analysis of personnel time and space utilized for the related activities. Accordingly, it allocates certain costs among the programs and supporting services benefitted.

# CHILD CARE NETWORK, INC.

## NOTES TO THE FINANCIAL STATEMENTS For the years ended September 30, 2015 and 2014

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Contributions

The Agency considers all contributions available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support, which increase those net asset classes. However, if the Agency fulfills a restriction in the same accounting period in which the contribution is received, the Agency reports the support as unrestricted. Temporarily restricted net assets as of September 30, 2015 and 2014 are detailed in Note 6. The Agency had no permanently restricted net assets as of September 30, 2015 and 2014.

Advertising –The Agency uses advertising to promote various programs. The costs of advertising are expensed as incurred. For the years ended September 30, 2015 and 2014, advertising costs totaled \$4,251 and \$2,971, respectively.

#### Federal and State Income Taxes -

No provision is recorded for Federal or State income taxes due to the Agency having been granted not-for-profit status under Section 501 (c)(3) of the Internal Revenue Code. No tax penalties were incurred during the year ended September 30, 2015.

Generally accepted accounting principles of the United States of America require the Agency to examine its tax positions for uncertain tax positions. The Agency is not aware of any tax positions that are more likely than not to change in the next twelve months, or that would not sustain an examination by applicable taxing authorities.

#### Subsequent events

The Agency has evaluated subsequent events through February 22, 2016, which is the date that the financial statements were available to be issued. No material subsequent events were identified, except as noted below, which would require disclosure and/or adjustment to the financial statements as of September 30, 2015.

Reclassifications – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

# CHILD CARE NETWORK, INC.

## NOTES TO THE FINANCIAL STATEMENTS For the years ended September 30, 2015 and 2014

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investments

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The listing of assets by level is more fully described in Note 8. As of September 30, 2015 and 2014, there are no level 3 investments.

### (3) CONCENTRATION OF CREDIT RISK

The Agency is substantially funded by grants and contracts awarded directly and indirectly by the Federal government and passed through to the state of Indiana. The loss of these contracts could have a materially adverse effect on the Agency. Amounts received from the state of Indiana represent approximately 51% and 62% of total revenue for the year ended September 30, 2015 and 2014. The contract with the Indiana Department of Education was renewed as of September 30, 2015, but only for select sites, as the Agency was not selected as the sponsor agency for home daycares.

# CHILD CARE NETWORK, INC.

## NOTES TO THE FINANCIAL STATEMENTS For the years ended September 30, 2015 and 2014

### (4) GRANTS/STATE CONTRACTS

The Agency 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.

Amounts received from state sources and included in income for the years ended September 30, 2015 and 2014 are as follows:

Year ended September 30, 2015	\$408,980
Year ended September 30, 2014	568,370

The Food Program amounts are a pass-thru 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 was in effect through September 30, 2015. Amounts due from services rendered totaled \$0 and \$46,142 as of September 30, 2015 and 2014, respectively. Amounts owed to the providers totaled \$0 and \$39,792 as of September 30, 2015 and 2014, respectively. The Food Program operated in the following Indiana counties; Jackson, Bartholomew, Clark, Washington, Jennings, Scott, Jefferson and Ripley.

### (5) COMMITMENTS

The Agency leases office space from unrelated parties at a current rate of \$725 per month. Rent expense for the year ended September 30, 2015 and 2014 totaled \$8,700 and \$8,250, respectively. The approximate future minimum lease payments for the next fiscal year total \$2,225. The lease agreement expires December 31, 2015. The rent payment is allocated monthly as follows: From October 2014 through June 30, 2015 (July 1 through September 30, 2015) Kids Klub \$281 (\$289), Food Program \$225 (\$0), CASA \$200 (\$200), Child Care Network \$19 (236).

The Agency also leases office equipment from an unrelated party at a rate of \$136 per month through December 2018. Lease payments for the year ended September 30, 2015 and 2014 totaled \$1,633 and \$1,633 respectively. The future minimum lease payments for each of the next 3 years totals \$1,633, and \$408 for the year ended September 30, 2019. These payments are included in office supplies expense.

## CHILD CARE NETWORK, INC.

### NOTES TO THE FINANCIAL STATEMENTS For the years ended September 30, 2015 and 2014

#### (6) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets available for the years ended September 30, 2015 and 2014 is as follows:

	2015	2014
Jackson County United Way	\$ 3,785	\$ 3,552
FSSA-On My Way Pre-K	21,546	0
Jackson County Education Coalition	8,000	0
Jackson County United Way-Jump Start	5,180	0
Invest Grant	0	6,280
Total	\$ 38,511	\$ 9,832

Net asset released from restriction for the years ended September 30, 2015 and 2014 is as follows:

	2015	2014
Jackson County United Way	\$ 3,552	\$ 16,113
Jackson County Education Coalition	0	24,889
Successful School Grant	0	17,000
Invest Grant	6,280	14,824
Total	\$ 9,832	\$ 72,826

#### (7) UNRESTRICTED, DESIGNATED NET ASSETS

The Board has designated the following net assets for the following uses:

	2015	2014
Programs and Enrichment	\$ 111,139	\$ 130,988
Career Enrichment	33,842	33,992
Board Enrichment	5,658	7,625
Unemployment Compensation	5,000	5,000
Total	\$ 155,639	\$ 177,605

## CHILD CARE NETWORK, INC.

### NOTES TO THE FINANCIAL STATEMENTS For the years ended September 30, 2015 and 2014

#### (8) INVESTMENTS

Investments are held at Edward D. Jones and consist of the following as of September 30, 2015 and 2014:

2015	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs (Level 2)
Cetificates of Deposit	\$ 85,644	\$ 35,016	\$ 50,628
Held at Edward D. Jones			
Domestic Equity			
Large Growth	47,180	47,180	0
Large Blend	30,288	30,288	0
Mid-Cap Growth	25,983	25,983	0
International Equity	45,994	45,994	0
Domestic Bond Funds			
Intermediate-Term bonds	64,080	64,080	0
Short-Term bonds	30,183	30,183	0
Multisector bonds	20,416	20,416	0
<b>Total</b>	<b>\$ 349,768</b>	<b>\$ 299,140</b>	<b>\$ 50,628</b>
2014	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs (Level 2)
Cetificates of Deposit	\$ 85,134	\$ 85,134	0
Held at Edward D. Jones			
Domestic Equity			
Large Growth	40,518	40,518	0
Large Blend	28,473	28,473	0
Mid-Cap Growth	10,639	10,639	0
International Equity	61,463	61,463	0
Domestic Bond Funds			
Intermediate-Term bonds	58,297	58,297	0
Short-Term bonds	27,446	27,446	0
Multisector bonds	19,319	19,319	0
	<b>\$ 331,289</b>	<b>\$ 331,289</b>	<b>\$ 0</b>

he financial advisor at Edward D. Jones is the husband of the financial manager of the Agency.

## **SUPPLEMENTARY INFORMATION**

# CHILD CARE NETWORK, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the year ended September 30, 2015

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>
<u>Major Program</u> U.S. Department of Agriculture Pass through from Indiana Department of Education, Child and Adult Food Program	10.558	<u>\$408,890</u>

### Note 1-Basis Presentation

This schedule of Federal Financial Assistance of the Agency is presented on the accrual basis of accounting. This schedule is not required, as the funding below the threshold of 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 basic financial statements.

See independent auditor's report.



Humphrey CPA Group, L.L.C.

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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  
Child Care Network, Inc.  
Seymour, IN

We have audited, 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 financial statements of Child Care Network, Inc., (the Agency), which comprise the statement of financial position as of September 30, 2015 and the related statements of activities and cash flows for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon February 22, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency'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 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and on compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Humphrey CPA Group, L.L.C.*

Indianapolis, Indiana

February 22, 2016