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March 29, 2018

Board of Directors
Community Coordinated Child Care of St. Joseph County, Inc.
224 W. Jefferson Blvd., Suite 102
South Bend, IN 46601

We have reviewed the report prepared by Community Coordinated Child Care of St. Joseph County, Inc. and opined upon by Cullar & Associates, PC, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Community Coordinated Child Care of St. Joseph County, Inc. as of December 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Cullar & Associates, PC 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

FINANCIAL AND COMPLIANCE REPORT

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**

December 31, 2016 and 2015

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	1-2
FINANCIAL STATEMENTS	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5
Statements of cash flows	6
Notes to financial statements.....	7-11
SUPPLEMENTARY INFORMATION	
Schedule of expenditures of federal awards.....	12
Notes to schedule of expenditures of federal awards	13
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 <i>GOVERNMENT AUDITING STANDARDS</i>	14-15
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	16-17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	18



**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

To the Board of Directors
Community Coordinated Child Care of St. Joseph County, Incorporated
South Bend, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Community Coordinated Child Care of St. Joseph County, Incorporated, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits 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 entity'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 entity'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 Community Coordinated Child Care of St. Joseph County, Incorporated as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for 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 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2017, on our consideration of Community Coordinated Child Care of St. Joseph County, Incorporated'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Coordinated Child Care of St. Joseph County, Incorporated's internal control over financial reporting and compliance.

Cullen & Associates, P.C.

South Bend, Indiana
August 18, 2017

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

Assets:	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents	\$ 69,366	\$ 78,099
Service fees receivable	319,563	156,915
Prepaid expenses	<u>4,405</u>	<u>6,996</u>
<i>Total current assets</i>	<u>393,334</u>	<u>242,010</u>
 Property and Equipment:		
Office equipment	10,517	10,517
Less accumulated depreciation	<u>(10,517)</u>	<u>(10,517)</u>
<i>Net property and equipment</i>	<u>-</u>	<u>-</u>
 <i>Total assets</i>	 <u>\$ 393,334</u>	 <u>\$ 242,010</u>
 Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 292,655	\$ 140,778
Accrued liabilities	2,123	1,426
Deferred revenues	<u>5,584</u>	<u>7,961</u>
<i>Total liabilities</i>	<u>300,362</u>	<u>150,165</u>
 Net Assets, unrestricted	 <u>92,972</u>	 <u>91,845</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 393,334</u>	 <u>\$ 242,010</u>

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

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues and Gains:		
Service fees	\$ 1,898,153	\$ 1,831,771
United Way	1,735	1,866
Contributions	-	3,000
Interest income	5	5
Other	445	-
<i>Total revenues and gains</i>	<u>1,900,338</u>	<u>1,836,642</u>
Expenses:		
Child care services	1,849,613	1,779,270
Management and general	49,598	53,319
<i>Total expenses</i>	<u>1,899,211</u>	<u>1,832,589</u>
Change in net assets	1,127	4,053
Net assets, beginning of year	91,845	87,792
<i>Net assets, end of year</i>	<u>\$ 92,972</u>	<u>\$ 91,845</u>

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

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2016 and 2015

	2016			2015		
	<u>Child Care Services</u>	<u>Management and General</u>	<u>Totals</u>	<u>Child Care Services</u>	<u>Management and General</u>	<u>Totals</u>
Nutritional assistance to centers	\$ 1,712,485	\$ -	\$ 1,712,485	\$ 1,654,261	\$ -	\$ 1,654,261
Salaries and wages	70,989	22,190	93,179	69,080	22,452	91,532
Payroll taxes and fringe benefits	9,751	3,048	12,799	10,281	3,342	13,623
Professional services	-	12,585	12,585	-	15,768	15,768
Office supplies	5,058	1,264	6,322	5,850	1,462	7,312
Postage	418	104	522	390	97	487
Communications	14,178	3,545	17,723	13,331	3,333	16,664
Printing and publications	-	-	-	273	-	273
Occupancy	15,743	3,936	19,679	12,266	3,067	15,333
Insurance	-	2,351	2,351	-	2,342	2,342
Equipment rental and maintenance	3,093	773	3,866	4,769	1,192	5,961
Advertising	-	-	-	570	-	570
Travel	8,592	-	8,592	6,666	-	6,666
Education, conferences, and training	9,306	-	9,306	1,533	-	1,533
Dues	-	242	242	-	125	125
Other	-	(440)	(440)	-	139	139
<i>Totals</i>	<u>\$ 1,849,613</u>	<u>\$ 49,598</u>	<u>\$ 1,899,211</u>	<u>\$ 1,779,270</u>	<u>\$ 53,319</u>	<u>\$ 1,832,589</u>

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

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

Change in Cash and Cash Equivalents:	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Cash received from service fees, contributors, and others	\$ 1,735,308	\$ 1,831,591
Cash paid to employees, subcontractors, and others	(1,744,046)	(1,832,478)
Interest income received	<u>5</u>	<u>5</u>
<i>Net cash (used in) operating activities</i>	(8,733)	(882)
Cash and cash equivalents, beginning of year	<u>78,099</u>	<u>78,981</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 69,366</u>	<u>\$ 78,099</u>

Reconciliation of Change in Net Assets to Net Cash

(Used in) Operating Activities:

Change in net assets	\$ 1,127	\$ 4,053
Add (deduct) items not requiring (providing) cash:		
(Increase) in service fees receivable	(162,648)	(1,815)
Decrease in prepaid expenses	2,591	1,603
Increase (decrease) in accounts payable	151,877	(2,353)
Increase in accrued liabilities	697	861
(Decrease) in deferred revenues	<u>(2,377)</u>	<u>(3,231)</u>
<i>Net cash (used in) operating activities</i>	<u>\$ (8,733)</u>	<u>\$ (882)</u>

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

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Community Coordinated Child Care of St. Joseph County, Incorporated (the "Organization") is an Indiana nonprofit corporation organized to provide a coordinated resource and referral service for childcare. Its operations are supported primarily by fees from contracts with the State of Indiana.

Significant Accounting Policies:

Use of estimates:

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.

Significant estimates used in the accompanying financial statements include:

- Revenue earned from cost-reimbursement contracts. The majority of the Organization's revenue is earned on such awards from governmental agencies that are governed by cost principles and other administrative and programmatic regulations and are subject to audit by regulatory authorities. It is at least reasonably possible that revenue earned under such awards will be adjusted upon audit.
- Allocations of costs between the program and the supporting service, which are based on time and facility usage studies and other cost allocation methods.

In addition, because the Organization receives the majority of its support from grants and contracts awarded through competitive bidding and from private entities interested in the Organization's purpose, fund raising costs are not material and are not separately presented in the accompanying financial statements.

Net asset classes:

The Organization reports its activities and financial position by the following classes of net assets:

- *Unrestricted net assets* are those currently available for use by the Organization.
- *Temporarily restricted net assets* are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

Cash and cash equivalents:

The Organization considers all time deposits, certificates of deposits, and highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Service fees and grants and contributions receivable:

Service fees receivable for program services and other activities are stated at the outstanding principle balance, net of any charge-offs and an allowance for uncollectibles. Grants and contributions receivable are stated at the outstanding principle balance, net of any discount for contributions expected to be collected in more than one year and an allowance for uncollectibles.

The Organization provides allowances for uncollectibles based upon the specific identification of accounts and contributions receivable where collection is no longer deemed probable and an allowance based upon the level of total accounts and contributions receivable balances. In determining the allowances, management evaluates the payment history and other known information for individual accounts or pledges, historical losses, and current economic conditions. Individual accounts are charged-off against the allowance in the period that the receivable is deemed uncollectible. Recoveries of receivables previously charged-off are recorded as income in the period received. The Organization does not charge interest on its receivables.

Property and equipment:

Property and equipment is stated at cost, if purchased or at fair market value at the date of receipt, if donated. Depreciation is recorded by the straight-line method over the estimated useful lives of the assets, generally from three to five years.

Most of the Organization's equipment has been purchased with governmental grant funds. Disposition of these assets, as well as the ownership of any sale proceeds, is subject to funding source and other regulatory directives.

Service fees:

The Organization receives fees for administration and subcontracted child care services on a cost-reimbursement basis. Revenue is recognized in the period in which reimbursable costs are incurred. Costs incurred prior to reimbursement are reported as service fees receivable in the statements of financial position, while funds received prior to costs being incurred are reported as deferred revenues in those statements.

Grants and contributions:

The Organization reports grants and contributions of cash and other assets as income when unconditionally promised and are considered to be available for unrestricted use unless specifically restricted by donor. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

Program income:

The Organization receives fees for training and other services. Revenue is recognized in the period in which the services are performed. Amounts received prior to the performance of services are reported as deferred revenues in the statements of financial position.

Advertising costs:

Advertising costs are charged to expense when incurred. Total advertising costs charged to expense were none and \$570 for the years ended December 31, 2016 and 2015, respectively.

Income taxes:

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Indiana Code, except for taxes on unrelated business income. Consequently, the accompanying financial statements generally do not include any provision for income taxes. The Internal Revenue Service classifies the Organization as other than a private foundation under Internal Revenue Code Section 509(a)(1).

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Examples of tax positions include the tax-exempt status of the Organization and positions related to the potential sources of unrelated business taxable income. Management has not identified any uncertain tax positions taken or expected to be taken in a tax return, and there are no unrecognized tax benefits recorded as liabilities in the accompanying financial statements. The Organization classifies interest and penalties, if any, associated with uncertain tax positions as a component of income tax expense. There was no accrued interest or any penalties related to unrecognized tax benefits at either December 31, 2016 or 2015, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. The Organization is no longer

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

subject to examination by the Internal Revenue Service or the State of Indiana for years prior to 2013.

NOTE 2. SERVICE FEES RECEIVABLE

Service fees receivable consist of reimbursements due under cost-reimbursement contracts. All amounts are due within one year and no allowance for uncollectibles is considered necessary.

NOTE 3. SERVICE FEES

The Organization contracts with various public and private entities to coordinate and administer childcare. These services are provided by other entities under subcontract agreements with the Organization. The Organization earns administrative fees under these contracts. Administrative fees were earned from the following sources for the years ended December 31, 2016 and 2015, respectively:

	<u>2016</u>	<u>2015</u>
Indiana Department of Education - Child and Adult Food Program	<u>\$ 185,668</u>	<u>\$ 177,510</u>

A summary of amounts received to reimburse subcontractors is as follows for the years ended December 31, 2016 and 2015, respectively:

Indiana Department of Education - Child and Adult Food Program	<u>\$1,712,485</u>	<u>\$1,654,261</u>
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NOTE 4. LEASE INFORMATION

The Organization leases its office facility under an operating lease that expires in December 2019. Minimum future rental payments under this new lease as of December 31, 2016 for each of the next three years and in the aggregate are as follows:

2017	\$ 13,296
2018	13,296
2019	<u>13,296</u>
<i>Total minimum future rental payments</i>	<u>\$ 39,888</u>

Total rent expense for the above leases and for short-term equipment leases was \$15,264 and \$17,432 for the years ended December 31, 2016 and 2015, respectively.

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 5. RETIREMENT PLAN

The Organization maintains a tax-deferred annuity pension plan covering substantially all of its employees. Pension costs are funded in the period that they accrue. There was no pension expense in either year ended December 31, 2016 or 2015.

NOTE 6. RELATED PARTY INFORMATION

The Organization subcontracted \$25,404 and \$28,170 of child care services for the years ended December 31, 2016 and 2015, respectively, to entities controlled or managed by members of its Board of Directors. At December 31, 2016 and 2015, the Organization owed these entities \$4,097 and \$1,889, respectively, which is included in accounts payable in the accompanying statements of financial position.

NOTE 7. CONCENTRATIONS

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of service fees and grants and contributions receivable. At both December 31, 2016 and 2015, 100% of total service fees and grants and contributions receivable were due from the Indiana Department of Education.

The Organization's contributors and program recipients are concentrated in Northern Indiana. Accordingly, its contributions, grants, and service fees may be affected by conditions in that area. In addition, for both years ended December 31, 2016 and 2015, approximately 100% of total revenues were earned from contracts with Indiana Department of Education.

NOTE 8. CONTINGENCIES

The Organization is involved in disputes or legal actions arising in the ordinary course of operations. Management does not believe the outcome of such legal actions will have a material adverse effect on the Organization's financial position or results of operations.

NOTE 9. SUBSEQUENT EVENTS INFORMATION

The date through which events occurring subsequent to December 31, 2016 have been evaluated for possible adjustment to the financial statements or disclosure August 18, 2017, the date on which the financial statements were available to be issued.

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2016

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U. S. Department of Agriculture:				
Passed-Through Indiana Department of Education:				
Child and Adult Care Food Program	10.558	1710210	<u>\$ 1,898,153</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Community Coordinated Child Care of St. Joseph County, Incorporated (the "Organization") under programs of the federal government for the year ended December 31, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because this Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has not elected to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.



**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***

To the Board of Directors
Community Coordinated Child Care of St. Joseph County, Incorporated
South Bend, Indiana

We have audited, in accordance with the 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, the financial statements of Community Coordinated Child Care of St. Joseph County, Incorporated (the "Organization"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated August 18, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Organization's financial statements are free from 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*.

Purpose of This Report

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

Cullen & Associates, P.C.

South Bend, Indiana
August 18, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Community Coordinated Child Care of St. Joseph County, Incorporated
South Bend, Indiana

Report on Compliance for Each Major Federal Program

We have audited Community Coordinated Child Care of St. Joseph County, Incorporated's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Coordinated Child Care of St. Joseph County, Incorporated's major federal programs for the year ended December 31, 2016. Community Coordinated Child Care of St. Joseph County, Incorporated's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Coordinated Child Care of St. Joseph County, Incorporated's major federal programs based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Community Coordinated Child Care of St. Joseph County, Incorporated'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Community Coordinated Child Care of St. Joseph County, Incorporated's compliance.

Opinion on Each Major Federal Program

In our opinion, Community Coordinated Child Care of St. Joseph County, Incorporated complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of Community Coordinated Child Care of St. Joseph County, Incorporated is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Coordinated Child Care of St. Joseph County, Incorporated's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Community Coordinated Child Care of St. Joseph County, Incorporated 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cullen & Associates, P.C.

South Bend, Indiana
August 18, 2017

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2016

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Community Coordinated Child Care of St. Joseph County, Incorporated were prepared in accordance with accounting principles generally accepted in the United States of America.
2. There were no significant deficiencies or material weaknesses in internal control over financial reporting disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Community Coordinated Child Care of St. Joseph County, Incorporated, which would be required to be reported by *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal programs for Community Coordinated Child Care of St. Joseph County, Incorporated expresses an unmodified opinion on the major federal program.
6. No audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The program tested as a major program was Child and Adult Care Food Program, CFDA Number 10.558.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Community Coordinated Child Care of St. Joseph County, Incorporated was determined to be a low-risk auditee.

Findings - Financial Statements Audit

There were no findings in the financial statements audit.

Findings and Questioned Costs – Major Federal Award Programs Audit

There were no findings or questioned costs in the major federal award programs audit.