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October 25, 2018

Board of Directors  
Elkhart Child Development Center, Inc.  
2121 Prairie St.  
Elkhart, IN 46517

We have reviewed the report prepared by Elkhart Child Development Center, Inc. and opined upon by Cullar & Associates, PC, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Elkhart Child Development Center, Inc. as of December 31, 2017 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*  
Paul D. Joyce, CPA  
State Examiner

*FINANCIAL REPORT*

**ELKHART CHILD DEVELOPMENT CENTER, INC.**

December 31, 2017 and 2016

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Elkhart Child Development Center, Inc.  
Elkhart, Indiana

We have audited the accompanying financial statements of Elkhart Child Development Center, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, 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. 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 Elkhart Child Development Center, Inc. as of December 31, 2017 and 2016, 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 Matter - Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal, state, and local awards, as required by *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, issued by the Indiana State Board of Accounts, 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.

*Cullen & Associates, P.C.*

South Bend, Indiana  
September 17, 2018

**ELKHART CHILD DEVELOPMENT CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2017 and 2016

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<b>Assets:</b>	<u>2017</u>	<u>2016</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 332,324	\$ 264,536
Accounts receivable (net of allowance for doubtful accounts of \$1,231 for both years)	3,321	2,267
Grants receivable	12,842	24,526
Prepaid expenses	<u>1,006</u>	<u>1,006</u>
<i>Total current assets</i>	<u>349,493</u>	<u>292,335</u>
<b>Non-Current Assets:</b>		
Property and equipment	153,414	167,504
Beneficial interests in assets held by Community Foundation	<u>20,136</u>	<u>17,403</u>
<i>Total non-current assets</i>	<u>173,550</u>	<u>184,907</u>
 <i>Total assets</i>	 <u>\$ 523,043</u>	 <u>\$ 477,242</u>
 <b>Liabilities and Net Assets:</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 8,177	\$ 8,614
Deferred revenue	<u>907</u>	<u>703</u>
<i>Total liabilities</i>	<u>9,084</u>	<u>9,317</u>
 <b>Net Assets, Unrestricted:</b>		
General operating	493,823	450,522
Funds functioning as permanent endowment	<u>20,136</u>	<u>17,403</u>
<i>Total net assets, unrestricted</i>	<u>513,959</u>	<u>467,925</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 523,043</u>	 <u>\$ 477,242</u>

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

ELKHART CHILD DEVELOPMENT CENTER, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<b>Revenues, Gains, and Other Support:</b>		
Grants	\$ 333,586	\$ 416,403
Fees	186,364	159,592
Contributions	1,596	1,201
Special events (net of direct expenses of of \$604 and \$479)	(202)	346
Investment income	141	99
Change in value of beneficial interest in assets held by Community Foundation	2,733	1,040
Other	(181)	69
<i>Total revenues, gains, and other support</i>	<u>524,037</u>	<u>578,750</u>
<b>Expenses:</b>		
Child Development	406,974	421,428
Management and general	71,029	73,059
<i>Total expenses</i>	<u>478,003</u>	<u>494,487</u>
<b>Change in net assets, unrestricted</b>	46,034	84,263
Net assets, unrestricted, beginning of year	<u>467,925</u>	<u>383,662</u>
<i>Net assets, unrestricted, end of year</i>	<u>\$ 513,959</u>	<u>\$ 467,925</u>

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

**ELKHART CHILD DEVELOPMENT CENTER, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31, 2017 and 2016**

	2017			2016		
	<u>Child Development</u>	<u>Management and General</u>	<u>Totals</u>	<u>Child Development</u>	<u>Management and General</u>	<u>Totals</u>
Personnel	\$ 310,309	\$ 52,202	\$ 362,511	\$ 324,900	\$ 53,331	\$ 378,231
Insurance	6,725	593	7,318	7,608	671	8,279
Food	40,128	-	40,128	40,903	-	40,903
Food supplies	1,722	-	1,722	1,629	-	1,629
Teaching supplies	3,551	-	3,551	4,071	-	4,071
Education and training	2,005	-	2,005	1,006	-	1,006
Utilities	10,657	939	11,596	9,603	846	10,449
Repairs and maintenance	11,701	1,031	12,732	12,350	1,088	13,438
Depreciation	15,663	1,381	17,044	15,036	1,325	16,361
Trash removal	785	69	854	781	69	850
Snow removal	193	-	193	890	-	890
Dues and subscriptions	107	-	107	324	-	324
Office supplies	-	4,078	4,078	-	5,204	5,204
Payroll services	1,093	184	1,277	1,053	173	1,226
Professional fees	-	5,500	5,500	-	5,500	5,500
Transportation	361	-	361	86	-	86
Communications	-	1,662	1,662	-	1,962	1,962
Postage	-	111	111	-	204	204
Printing and promotion	-	2,840	2,840	-	2,403	2,403
Bad debts	-	269	269	-	195	195
Interest	-	-	-	-	1	1
Other	1,974	170	2,144	1,188	87	1,275
<i>Totals</i>	<u>\$ 406,974</u>	<u>\$ 71,029</u>	<u>\$ 478,003</u>	<u>\$ 421,428</u>	<u>\$ 73,059</u>	<u>\$ 494,487</u>

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

**ELKHART CHILD DEVELOPMENT CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 46,034	\$ 84,263
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,044	16,361
Bad debts	269	195
(Increase) decrease in accounts receivable	(1,323)	183
(Increase) decrease in grants receivable	11,684	(5,996)
(Increase) in beneficial interest in assets held by Community Foundation	(2,733)	(1,040)
Increase (decrease) in accounts payable and accrued liabilities	(437)	1,015
Increase in deferred revenue	204	555
<i>Net cash provided by operating activities</i>	<u>70,742</u>	<u>95,536</u>
 <b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	<u>(2,954)</u>	<u>(2,960)</u>
 <b>Net change in cash and cash equivalents</b>	 67,788	 92,576
Cash and cash equivalents, beginning of year	<u>264,536</u>	<u>171,960</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 332,324</u>	<u>\$ 264,536</u>

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

# ELKHART CHILD DEVELOPMENT CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

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### NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Elkhart Child Development Center, Inc. (the "Organization") is an Indiana nonprofit corporation organized to provide high quality comprehensive child care services primarily to children of lower-income families, while working to educate and strengthen the primary family unit. In order to fulfill its mission, the Organization provides an enriching educational environment that helps children to develop physically, emotionally, socially, and intellectually. The Organization's operations are supported primarily by service fees from individuals and grants from 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 awards. The majority of the Organization's revenue is earned on such awards from governmental agencies that are governed by federal and State 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.
- The allowances for uncollectible accounts and grants receivable, which are based on factors discussed later in this note. It is at least reasonably possible that the net realizable value of the receivables will be less than their carrying value.
- The valuation of the beneficial interest in assets held by others, which is based on the value of the underlying assets, as provided by the Community Foundation that holds the assets and which approximates the present value of expected future distributions
- The allocations of costs between the program and supporting service. Expenses that are directly identifiable with functions are charged to those functions. Expenses related to more than one function are allocated to functions based on estimates of employee time spent on functions, space used by function, and other factors driving costs. In addition, because the Organization receives the majority of its support from grants and contracts awarded through competitive bidding, 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:

**ELKHART CHILD DEVELOPMENT CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

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- *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.

*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.

*Accounts and grants receivable:*

Accounts receivable for services and other activities are stated at the outstanding principal balance, net of any charge-offs and an allowance for uncollectibles. Grants receivable are stated at the outstanding principal 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 doubtful accounts based upon the specific identification of receivables where collection is no longer deemed probable and an allowance based upon the level of receivable balances. In determining the allowances, management evaluates the payment history and other known information for individual accounts, 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 generally 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. Improvements and betterments are capitalized, while routine maintenance and repairs are charged to expense as incurred. When property and equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses arising from the disposition are reported in the statement of activities. Depreciation is recorded by the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Buildings - original purchase .....	40 years
Buildings - improvements .....	7 to 40 years
Land improvements .....	5 to 10 years
Equipment .....	3 to 10 years

**ELKHART CHILD DEVELOPMENT CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

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*Beneficial interest in assets held by Community Foundation:*

The Organization recognizes its beneficial rights in assets held by others unless the donor has granted the recipient organization variance power. However, if the Organization is both the donor and the beneficiary of the assets, those rights are recognized even if the recipient organization has been granted variance power.

The beneficial interest in assets held by Community Foundation is stated at fair value, based on the value of the underlying assets, as provided by the Community Foundation that holds them, and which approximates the present value of expected future distributions. Changes in the value of the beneficial interest are included in revenues in the statements of activity.

*Contributions and grants:*

The Organization reports gifts and grants of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the 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.

Revenues from governmental cost-reimbursement grants are recognized when costs allowable under the terms of the awards are incurred. Advances received in excess of allowable costs are reported as liabilities.

Contributed services are recognized if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such services are recorded at their estimated fair market value. No revenue from contributed services has been recognized in the accompanying financial statements.

*Fees for service:*

Fees for service are recognized as revenue when the services are substantially performed. Fees received in advance of substantial performance are reported as liabilities.

*Advertising costs:*

Advertising costs are charged to expense when incurred. Advertising costs were \$2,402 and \$1,704 for the years ended December 31, 2017 and 2016, respectively.

**ELKHART CHILD DEVELOPMENT CENTER, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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*Income taxes:*

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Indiana Code. Consequently, no provision is made for income taxes. The Organization is classified by the Internal Revenue Service 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, 2017 or 2016, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. The Organization is no longer subject to examination by the Internal Revenue Service or the State of Indiana for years prior to 2014.

*Subsequent events:*

The date through which events occurring subsequent to December 31, 2017 have been evaluated for possible adjustment to the financial statements or disclosure is September 17, 2018, the date on which the financial statements were available to be issued.

**NOTE 2. GRANTS RECEIVABLE**

Grants receivable consist of reimbursements due under governmental awards. All amounts are due within one year, and no allowance for uncollectibles is considered necessary.

At December 31, 2017, the Organization had received approximately \$59,000 in conditional promises to give in excess of allowable costs incurred under cost-reimbursement grants. Such promises will be recognized as revenue if and when allowable costs are incurred.

**NOTE 3. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION**

The Organization is the beneficiary of a fund held by Elkhart County Community Foundation, Inc. ("Community Foundation"), to which both the Organization and others have donated. The Organization and the donors have granted Community Foundation variance power in the determination of annual distributions and transfer of the accounts to other community organizations in certain circumstances. Total accumulated contributions by the Organization to the fund were \$11,000, all of which were made before 2016. The value of the portion of the fund attributable to contributions by the Organization at December 31,

**ELKHART CHILD DEVELOPMENT CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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2017 and 2016 is \$20,136 and \$17,403, respectively, which is reported as an asset in the accompanying statements of financial position. This same amount is also reported as funds functioning as permanent endowment in the unrestricted net assets section of those statements. The Organization received no distributions during the years ended December 31, 2017 and 2016 from this portion of the fund. The change in value of this portion of the fund of \$2,733 and \$1,040, respectively, during the years ended December 31, 2017 and 2016 is included in revenues in the accompanying statements of activities.

The value of the portion of the fund attributable to contributions by others at December 31, 2017 and 2016 was \$21,472 and \$18,557, respectively, which is not reported an asset in the accompanying financial statements. No grants from this portion of the fund were received during the years ended December 31, 2017 and 2016, respectively.

**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2017 and 2016, respectively:

	<u>2017</u>	<u>2016</u>
Land	\$ 36,926	\$ 36,926
Building and improvements	487,969	487,969
Land improvements	25,471	25,471
Equipment	<u>116,304</u>	<u>119,379</u>
	666,670	669,745
Less accumulated depreciation	<u>(513,256)</u>	<u>(502,241)</u>
<i>Net property and equipment</i>	<u>\$ 153,414</u>	<u>\$ 167,504</u>

**NOTE 5. DEBT INFORMATION**

The Organization has a \$10,000 unsecured overdraft protection agreement with a bank. There were no borrowings under the agreement at either December 31, 2017 or 2016. The interest rate on the agreement was 14.0% at December 31, 2017.

**NOTE 6. NET ASSETS INFORMATION**

Funds functioning as permanent endowment in the unrestricted net assets section of the statements of financial position represent the Organization's beneficial interest in assets held by Elkhart County Community Foundation, Inc. discussed in Note 3.

**NOTE 7. RETIREMENT PLAN**

The Organization participates in a defined-contribution SIMPLE retirement plan under Internal Revenue Code Section 408(p) that covers substantially all employees. Retirement expense was \$2,336 and \$2,182 for the years ended December 31, 2017 and 2016, respectively.

**ELKHART CHILD DEVELOPMENT CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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**NOTE 8. ENDOWMENT INFORMATION**

As required by U.S. generally accepted accounting principles, 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.

The State of Indiana enacted the *Uniform Prudent Management of Institutional Funds Act of 2006* (“UPMIFA”) effective July 1, 2007, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors and management have determined that certain net assets meet the definition of endowment funds under UPMIFA. These consist of the beneficial interest in assets held by Community Foundation discussed in Note 3, which was funded by unrestricted net assets. The investment and spending policies for these funds are established by the Community Foundation’s governing body and are not under the control of the Organization.

Changes in the endowment for the years ended December 31, 2017 and 2016, respectively, are as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 17,403	\$ 16,363
Change in value	<u>2,733</u>	<u>1,040</u>
<i>Balance, end of year</i>	<u>\$ 20,136</u>	<u>\$ 17,403</u>

**NOTE 9. FAIR VALUE MEASUREMENTS**

U.S. generally accepted accounting principles defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in an entity’s principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Such principles establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair value of assets measured on a recurring basis at December 31, 2017 and 2016, respectively, is as follows:

**ELKHART CHILD DEVELOPMENT CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<i>For 2017:</i>				
Beneficial interest in assets held by Community Foundation	\$ <u>20,136</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>20,136</u>
<i>For 2016:</i>				
Beneficial interest in assets held by Community Foundation	\$ <u>17,403</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>17,403</u>

Fair value for the beneficial interest in assets held by Community Foundation is based on the fair value of the underlying assets, as provided by Community Foundation and which approximates the present value of expected future distributions.

The following is a reconciliation of beginning and ending balances of the fair value of assets measured by Level 3 inputs as of December 31, 2017 and 2016, respectively:

	<u>2017</u>	<u>2016</u>
Beneficial interest in assets:		
Fair value beginning of year	\$ 17,403	\$ 16,363
Change in value	<u>2,733</u>	<u>1,040</u>
<i>Fair value end of year</i>	<u>\$ 20,136</u>	<u>\$ 17,403</u>

The change in value of the beneficial interest in assets held by Community Foundation is reported as such in unrestricted net assets in the accompanying statements of activities, and is composed of investment gains and losses and undistributed earnings on investments held by Community Foundation.

**NOTE 10. CONCENTRATIONS**

The Organization's donors and activities are concentrated in Elkhart County, Indiana. Accordingly, its contributions and other sources of support and revenue may be affected by conditions in that area. In addition, for the years ended December 31, 2017 and 2016, approximately 58% and 67%, respectively, of total revenues were received from grants from the State of Indiana.

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and grants receivable. The Organization has cash on deposit with financial institutions that, at times, may exceed the insurance limit of the Federal Deposit Insurance Corporation. At December 31, 2017 the Organization had deposits with a financial institution that exceeded the federal deposit insurance coverage by approximately \$85,000. At December 31, 2017 and 2016, approximately 82% and 91%, respectively, of grants receivable were due from the State of Indiana.

**ELKHART CHILD DEVELOPMENT CENTER, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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**NOTE 11. CASH FLOWS INFORMATION**

For the years ended December 31, 2017 and 2016, the Organization paid interest of none and \$1, respectively, and paid no income taxes in either year.

**ELKHART CHILD DEVELOPMENT CENTER, INC.**  
**SCHEDULE OF FEDERAL, STATE, AND LOCAL AWARDS**  
Year Ended December 31, 2017

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Grantor/Pass-Through Grantor/ Program/Title	Identifying Number	Beginning Balance	Award Received	Award Expended	Ending Balance
<b>FEDERAL AWARDS</b>					
U.S. Department of Agriculture:					
Passed-Through Indiana Department of Education:					
Child and Adult Care Food Program	1200037	\$ 57,691	\$ -	\$ 57,691	\$ -
Child and Adult Care Food Program	1200037	-	75,600	16,522	59,078
U.S. Department of Health and Human Services:					
Passed-through Indiana Housing and Community Development Authority and REAL Services of St. Joseph County, Inc.:					
Community Services Block Grant	17-8-E-3	-	28,000	28,000	-
Passed-through State of Indiana Family and Social Services Administration:					
Child Care and Development Fund - Vouchers	N/A	-	233,059	233,059	-
<i>Total federal, state, and local awards</i>		<u>\$ 57,691</u>	<u>\$ 336,659</u>	<u>\$ 335,272</u>	<u>\$ 59,078</u>