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September 22, 2020

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 audit report of Community Coordinated Child Care of St. Joseph County, Inc., which was opined upon by Cullar & Associates, PC, Independent Public Accountants, for the period January 1, 2018 to December 31, 2018. 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, 2018 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 the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit 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 AND COMPLIANCE REPORT

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

December 31, 2018 and 2017

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**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, 2018 and 2017, 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, 2018 and 2017, 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.

Adoption of New Accounting Standard

As discussed in Note 1 to financial statements, in 2018 Community Coordinated Child Care of St. Joseph County, Incorporated adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on 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 July 30, 2019, 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
July 30, 2019

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and cash equivalents	\$ 112,636	\$ 98,530
Service fees receivable	137,253	143,560
Prepaid expenses	2,010	3,133
Office equipment, net of accumulated depreciation of \$10,517 for both years	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 251,899</u>	<u>\$ 245,223</u>
 Liabilities and Net Assets:		
Liabilities:		
Accounts payable	\$ 122,493	\$ 131,726
Accrued liabilities	1,986	2,297
Deferred revenues	<u>22,373</u>	<u>10,902</u>
<i>Total liabilities</i>	<u>146,852</u>	<u>144,925</u>
 Net Assets, without donor restrictions	 <u>105,047</u>	 <u>100,298</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 251,899</u>	 <u>\$ 245,223</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Support and Revenues:		
Service fees	\$ 1,729,531	\$ 1,879,718
Contributions	2,186	3,590
United Way of Marshall County	120	2,365
Interest income	6	5
Other	<u>-</u>	<u>4,990</u>
<i>Total support and revenues</i>	<u>1,731,843</u>	<u>1,890,668</u>
 Expenses:		
Program services expenses:		
Child care services	1,671,732	1,832,954
Supporting services expenses:		
Management and general	<u>55,362</u>	<u>50,388</u>
<i>Total expenses</i>	<u>1,727,094</u>	<u>1,883,342</u>
 Change in net assets without donor restrictions	 4,749	 7,326
Net assets without donor restrictions, beginning of year	<u>100,298</u>	<u>92,972</u>
<i>Net assets without donor restrictions, end of year</i>	<u>\$ 105,047</u>	<u>\$ 100,298</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, 2018 and 2017

	2018			2017		
	Child Care	Management	Totals	Child Care	Management	Totals
	<u>Services</u>	<u>and General</u>		<u>Services</u>	<u>and General</u>	
Nutritional assistance to centers	\$ 1,565,041	\$ -	\$ 1,565,041	\$ 1,701,534	\$ -	\$ 1,701,534
Salaries and wages	55,328	27,099	82,427	72,016	21,933	93,949
Payroll taxes and related	8,239	4,036	12,275	10,490	3,195	13,685
Professional services	-	13,415	13,415	-	12,900	12,900
Office supplies	6,998	1,642	8,640	7,045	1,652	8,697
Postage	294	69	363	484	113	597
Communications	14,095	3,306	17,401	14,488	3,398	17,886
Occupancy	10,661	2,665	13,326	13,048	3,262	16,310
Insurance	-	2,266	2,266	-	2,292	2,292
Equipment rental and maintenance	563	132	695	1,400	328	1,728
Travel	5,386	-	5,386	7,649	-	7,649
Education, conferences, and training	5,127	-	5,127	4,800	-	4,800
Dues	-	278	278	-	197	197
Other	-	454	454	-	1,118	1,118
<i>Totals</i>	<u>\$ 1,671,732</u>	<u>\$ 55,362</u>	<u>\$ 1,727,094</u>	<u>\$ 1,832,954</u>	<u>\$ 50,388</u>	<u>\$ 1,883,342</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, 2018 and 2017

Change in Cash and Cash Equivalents:	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Cash received from service fees, contributors, and others	\$ 1,749,615	\$ 2,071,984
Cash paid to employees, subcontractors, and others	(1,735,515)	(2,042,825)
Interest income received	<u>6</u>	<u>5</u>
<i>Net cash provided by operating activities</i>	14,106	29,164
Cash and cash equivalents, beginning of year	<u>98,530</u>	<u>69,366</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 112,636</u>	<u>\$ 98,530</u>

**Reconciliation of Change in Net Assets to Net Cash
Provided by Operating Activities:**

Change in net assets	\$ 4,749	\$ 7,326
Add (deduct) items not requiring (providing) cash:		
Decrease in service fees receivable	6,307	176,003
Decrease in prepaid expenses	1,123	1,272
(Decrease) in accounts payable	(9,233)	(160,929)
Increase (decrease) in accrued liabilities	(311)	174
Increase in deferred revenues	<u>11,471</u>	<u>5,318</u>
<i>Net cash provided by operating activities</i>	<u>\$ 14,106</u>	<u>\$ 29,164</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, 2018 and 2017

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Community Coordinated Child Care of St. Joseph County, Incorporated (the Organization, we, us, our) is an Indiana nonprofit corporation organized to provide a coordinated resource and referral service for childcare. Our 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 our 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.

Net Asset Classes:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor restrictions.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents:

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

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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 uncollectables. 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 uncollectables.

We provide allowances for uncollectables 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, we evaluate 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. We do not charge interest on our 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 our 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.

Revenue and Revenue Recognition:

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributed services are recognized at estimated fair value 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. There were no such contributed services in either 2018 or 2017.

Advertising Costs:

Advertising costs are charged to expense when incurred. There were no advertising costs in either 2018 and 2017.

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Functional Allocation of Expenses:

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function and report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which are allocated on a square footage basis, as well as personnel, insurance, office expense, postage, communications, and equipment expenses, which are allocated on the basis of estimates of time and effort or other factors driving expenses.

Because we receive the majority of our support from grants and contracts awarded through competitive bidding and from private entities interested in our purpose, fundraising costs are not material and are not separately presented in the accompanying financial statements.

Income Taxes:

We are 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).

We recognize 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 our tax-exempt status 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. We classify 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, 2018 or 2017, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. We are no longer subject to examination by the Internal Revenue Service or the State of Indiana for years prior to 2015.

Recent Accounting Pronouncements and Accounting Changes:

In 2018, we adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about liquidity, financial performance, and cash flows. The main provisions of this guidance include presentation of two net asset classes instead of the previous three; recognition of underwater endowment funds as a reduction of net assets with donor restrictions; and enhanced disclosures for board-

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

designated amounts, composition of net assets without donor restrictions, and liquidity. There were no net asset reclassifications made as a result of adopting the new standard. In addition, we have elected to change the reporting of our statements of financial position from a classified to an unclassified presentation, which we believe will provide more useful information to users of our financial statements.

Subsequent Events:

The date through which events occurring subsequent to December 31, 2018 have been evaluated for possible adjustment to the financial statements or disclosure July 30, 2019, the date on which the financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure (that is, without donor or other restrictions limiting their use) within one year of December 31, 2018 are as follows:

Cash and cash equivalents	\$ 112,636
Service fees receivable	<u>137,253</u>
<i>Total financial assets available for general expenditure</i>	<u>\$ 249,889</u>

NOTE 3. SERVICE FEES RECEIVABLE

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

NOTE 4. SERVICE FEES

We contract with various public and private entities to coordinate and administer childcare. These services are provided by other entities under subcontract agreements with us. We earn administrative fees under these contracts. Administrative fees were earned from the following sources for the years ended December 31, 2018 and 2017, respectively:

	<u>2018</u>	<u>2017</u>
Indiana Department of Education - Child and Adult Food Program	<u>\$ 164,490</u>	<u>\$ 178,184</u>

A summary of amounts received to reimburse subcontractors is as follows for the years ended December 31, 2018 and 2017, respectively:

Indiana Department of Education - Child and Adult Food Program	<u>\$1,565,041</u>	<u>\$1,701,534</u>
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**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 5. LEASE INFORMATION

We lease our office facility under an operating lease that expires in December 2019. Minimum future rental payments under this lease as of December 31, 2018 for the next year and in the aggregate are \$13,296. Total rent expense for the above lease and for short-term equipment leases was \$13,296 and \$15,479 for the years ended December 31, 2018 and 2017, respectively.

NOTE 6. RETIREMENT PLAN

We maintain a tax-deferred annuity pension plan covering substantially all of our employees. Pension costs are funded in the period that they accrue. There was no pension expense in either year ended December 31, 2018 or 2017.

NOTE 7. RELATED PARTY INFORMATION

We subcontracted \$28,192 and \$29,982 of child care services for the years ended December 31, 2018 and 2017, respectively, to entities controlled or managed by members of our Board of Directors. At December 31, 2018 and 2017, we owed these entities \$1,870 and \$3,169, respectively, which is included in accounts payable in the accompanying statements of financial position.

NOTE 8. CONCENTRATIONS

Financial instruments that expose us to concentrations of credit risk consist primarily of service fees and grants and contributions receivable. At both December 31, 2018 and 2017, 100% of total service fees and grants and contributions receivable were due from the Indiana Department of Education.

Our contributors and service recipients are concentrated in Northern Indiana. Accordingly, our contributions, grants, and service fees may be affected by conditions in that area. In addition, approximately 100% and 99% of total revenues for the years ended December 31, 2018 and 2017, respectively, were earned from contracts with Indiana Department of Education.

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2018

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	Pass-Through Entity Identifying <u>Number</u>	Provided Through to <u>Subrecipients</u>	Total Federal <u>Expenditures</u>
U. S. Department of Agriculture:				
Passed-Through Indiana Department of Education:				
Child and Adult Care Food Program	10.558	1710210	\$ <u> -</u>	\$ <u>1,729,531</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, 2018

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 Incorporated. 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 the Schedule presents only a selected portion of the operations of Community Coordinated Child Care Incorporated, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Coordinated Child Care Incorporated.

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.

NOTE 3. INDIRECT COST RATES

Community Coordinated Child Care of St. Joseph County, Incorporated has not elected to use the 10% de minimis 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 statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements, and have issued our report thereon dated July 30, 2019.

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
July 30, 2019

**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, 2018. 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, 2018.

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
July 30, 2019

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America-	Unmodified
Internal control over financial reporting-	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to the financial statements noted?	No

FEDERAL AWARDS

Internal control over major federal programs-	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditor’s report issued on compliance for major federal programs-	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs-

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child and Adult Care Food Program

Dollar threshold used to distinguish between type A and type B programs-	\$750,000
Auditee qualified as low-risk auditee?	Yes

**COMMUNITY COORDINATED CHILD CARE OF
ST. JOSEPH COUNTY, INCORPORATED**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018

Section II - Financial Statement Findings

There were no findings in the financial statement audit.

Section III – Federal Award Findings and Questioned Costs

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2018

There were no audit findings in the December 31, 2017 audit.