

PERRY AREA
CHILD DEVELOPMENT CORPORATION

Financial Statements and Report on Audit

June 30, 2011 and 2010

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POLLARD AND COMPANY P.C.

CERTIFIED PUBLIC ACCOUNTANTS

5650 JOHNSTON DRIVE, SUITE A
P.O. BOX 1098
JOHNSTON, IOWA 50131
TELEPHONE (515) 251 8520
FAX (515) 251 3177
CPAs@POLLARDCPA.COM

INDEPENDENT AUDITORS' REPORT

Board of Directors
Perry Area Child Development Corporation
Perry, Iowa

We have audited the accompanying statement of financial position of the Perry Area Child Development Corporation (a nonprofit corporation) as of June 30, 2011 and 2010 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Perry Area Child Development Corporation as of June 30, 2011 and 2010, and the results of its activities and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we are including herein our report on our consideration of the Perry Area Child Development Corporation's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

February 13, 2012

Pollard and Company P.C.

PERRY AREA CHILD DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

ASSETS

	June 30,	
	2011	2010
Cash	\$ 138,089	\$ 174,194
Cash Designated by Board		966
Program Service Fees Receivable	17,326	11,903
Contract Receivable	3,033	5,475
Certificates of Deposit	102,597	
Land, Building and Equipment - Net	116,511	129,084
Total Assets	\$ 377,556	\$ 321,622

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 7,977	\$
Accrued Wages Payable	9,025	8,267
Accrued Compensated Absences	23,508	17,750
Total Liabilities	40,510	26,017
Net Assets		
Unrestricted		
Undesignated	326,474	267,962
Temporarily Restricted	10,572	27,643
Total Net Assets	337,046	295,605
Total Liabilities and Net Assets	\$ 377,556	\$ 321,622

Notes to financial statements are an integral part of this statement.

PERRY AREA CHILD DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010 Total Only
	Net Assets			
	Unrestricted	Temporarily Restricted	Total	
Revenue				
Public Support				
Contributions and Grants	\$ 6,291	\$ 22,824	\$ 29,115	\$ 73,903
Governmental Funding				
Food and Nutrition	47,146		47,146	32,661
Empowerment Grant				5,550
Shared Visions Grant		54,669	54,669	54,943
Preschool Program		47,671	47,671	47,671
Total Governmental Funding	47,146	102,340	149,486	140,825
Other Revenues				
Program Fees	285,831		285,831	229,787
Interest Income	846		846	491
Health Insurance Credit and Other Insurance Proceeds - Roof	7,693		7,693	28,160
Total Other Revenue	294,370		294,370	258,438
Net Assets Released From Restriction	142,235	(142,235)		
Total Revenue and Net Assets Released from Restriction	490,042	(17,071)	472,971	473,166
Expenses				
Program Expenses	358,723		358,723	331,312
Fundraising Expenses	2,346		2,346	1,723
Administrative Expenses	70,461		70,461	67,754
Total Expenses	431,530		431,530	400,789
Change in Net Assets	58,512	(17,071)	41,441	72,377
Net Assets - Beginning of Year	267,962	27,643	295,605	223,228
Net Assets - End of Year	\$ 326,474	\$ 10,572	\$ 337,046	\$ 295,605

Notes to financial statements are an integral part of this statement.

PERRY AREA CHILD DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities		
Changes in Net Assets	\$ 41,441	\$ 72,377
Adjustments to Reconcile Changes in Net Assets to Cash Used by Operating Activities		
Depreciation	12,573	14,103
Changes In		
Increase in Accounts Receivable	(2,981)	(4,265)
Increase in Accounts Payable	14,493	5,504
Net Cash Provided by Operating Activities	65,526	87,719
Cash Flows (Used) by Investing Activities		
Purchase Certificates of Deposit	(102,597)	
Net Change in Cash	(37,071)	87,719
Cash - Beginning of Year	175,160	87,441
Cash - End of Year	\$ 138,089	\$ 175,160

Notes to financial statements are an integral part of this statement.

PERRY AREA CHILD DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010

1/ Nature of Activities

The Perry Area Child Development Corporation (the Entity) is a nonprofit Entity, established in December 2003, whose mission is to provide a full service child care center for the benefit of all of the members of the communities served by the Perry Community School District, the Dallas County Hospital and the City of Perry.

The Entity was created in conjunction with a shared use agreement between these parties, as allowed by Iowa Code Charter 28E, to form a joint and cooperative action to provide this facility to the communities.

2/ Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Comparative Amounts

The Statement of Activities and Changes in Net Assets includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Entity's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Deposits and Investments

The Entity's cash and investments are required to be deposited and invested in accordance with Chapters 12B and 12C of the Code of Iowa. The deposits were entirely covered by federal depository insurance or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa.

Investments can only be made in obligations of the United States Government, its agencies and instrumentalities, certificates of deposit and other evidences of deposit at federally insured depositories approved pursuant to Chapter 12C of the Iowa Code, and with certain restrictions, prime bankers acceptances, commercial paper, repurchase agreements and certain open end management companies registered with the Federal Securities and Exchange Commission.

Credit Risk - In compliance with state statute, the Entity minimized credit risk losses due to default of a security issuer or backer by; limiting investments to the safest types of securities, and limiting bank deposits to less than \$250,000 covered by the Federal Deposit Insurance Corporation or the state sinking fund.

Interest Rate Risk - The Entity invests its cash in demand deposit accounts with interest rates which fluctuate periodically.

Revenue Appropriation

All public support is considered to be available for unrestricted use unless specifically restricted by the donor. At the Board's discretion, revenues are designated for specific purposes. Such Board designated funds are included in the unrestricted net asset section.

2/ Significant Accounting Policies - continued

Recognition of Donor Restrictions

Restricted assets are assets that either time or purpose restrictions have been imposed by the donors. The Entity receives state and local government financial assistance in the form of grants. The purpose of the assistance is restricted by the grantors for a particular program. The Entity has elected to treat some of the grants as unrestricted assets instead of temporarily restricted because the programs are ongoing and in place at the time the grant is authorized.

Income Taxes

The Entity is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and contributions to it are tax deductible within the limitations prescribed by the Code. It has been classified as a publicly supported Entity which is not a private foundation under Section 509(a) of the Code.

Accounts Receivable

Accounts receivable have been adjusted for all unknown uncollectibles and no allowance is needed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with initial maturity of three months or less.

3/ Land, Building and Equipment and Depreciation

A summary of such assets follows:

	Estimated Useful Life	2011	2010
Land		\$ 26,000	\$ 26,000
Building and Improvements	5-15 Years	191,260	191,260
Equipment	5 Years	5,000	5,000
		<u>222,260</u>	<u>222,260</u>
Less: Accumulated Depreciation		<u>105,749</u>	<u>93,176</u>
Totals		<u>\$ 116,511</u>	<u>\$ 129,084</u>

Land, buildings and equipment are stated at cost except for donated property which is carried at estimated fair value at date of donation. Donations of property and equipment are recorded as support at their estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. In a prior year, the Dallas County Hospital contributed land, a building and equipment totaling \$176,000 which has been classified as unrestricted net assets.

Provisions for depreciation are computed using the straight line method over the estimated useful lives of the assets.

4/ Accrued Compensated Absences

The Entity's employees accumulate vacation hours for subsequent use or payment upon retirement, death or termination. This liability was accrued based on the current rate of pay.

5/ Related Party Transaction

The Entity purchases a significant amount of food from one of its major contributors, the Perry Community School District for its food and nutrition programs. The total for year ended June 30, 2011 and 2010 was \$30,901 and \$23,603, respectively. The Entity also received tuition grants from the Perry Community School District of \$47,671 for each year ended June 30, 2011 and 2010.

6/ Concentration of Credit Risk

The Entity had program service fees and contract receivables of \$20,359 at June 30, 2011. The ability to collect on such receivables is dependent upon the continued stability of local and state economic conditions.

7/ Risks and Uncertainties

The Entity is exposed to various risks in the normal course of business, such as damage to or destruction of assets, natural disasters, thefts, injuries to employees, loss of major contributors or suppliers, deterioration of the economy in its geographical business area, and other unforeseen events. The Entity minimizes its exposure to these risks as much as possible and acquires insurance where appropriate.

8/ Subsequent Events

Management has evaluated subsequent events through February 13, 2012, the date the financial statements were available to be issued.

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5650 JOHNSTON DRIVE, SUITE A
P.O. BOX 1098
JOHNSTON, IOWA 50131-6499
TELEPHONE (515) 251-8520
FAX (515) 251-3177
CPAs@POLLARDCPA.COM

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Perry Area Child Development Corporation

We have audited the financial statements of Perry Area Child Development Corporation as of and for the year ended June 30, 2011, and have issued our report thereon as dated below. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Entity's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, 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 a material misstatement of the Entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Perry Area Child Development Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Directors, management and awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

February 13, 2012

Pollard and Company P.C.