



Howard Area Community Center

Changing Lives Since 1967

Annual Report Fiscal Year 2010

*Early Childhood Services Supplement
to ensure a strong start in life*



Early Childhood Overview

Howard Area's Early Childhood Department delivers year-round child care and nutrition services along with on-site and home visiting family-strengthening programs to over 240 children ages 0-5.

In FY10, over 200 families found full-day, affordable early childhood care and education at the Sheila H. Berner Family Center.

Our Head Start funded program provided center-based care and education to 44 eligible children, and Early Head Start served 107 eligible children and their families with either on-site care, or home visiting services and support.

During FY 2010, Our Head Start was 100% compliant with age-appropriate medical exams; 0 were enrolled in our program but never entered the classroom. 100% of enrollees were compliant with up-to-date immunizations according to Illinois Department of Health audit. Of our Head Start children, 82% received a dental exam, or 36 out of 44 children.

In the Head Start program, the average monthly enrollment as a percentage of funded enrollment was 96.8%. In the Early Head Start Program, the average monthly enrollment as a percentage of funded enrollment was 99.9%.

100% of the children served in the Head Start program were eligible based solely on family income, and 97.2% of the children served in the Early Head Start program were eligible based solely on family income. The remaining 2.8% were eligible over-income.

Our Early Head Start was 97% compliant with age-appropriate medical exams; 0 were enrolled in our program but never entered the classroom. 99% of enrollees were compliant with up-to-date immunizations according to Illinois Department of Health audit.

Throughout the year we offered 63 Parent Involvement activities, including Cooking Classes, Fall and Winter Festivals, and field trips. We also held several events targeting men's involvement such as a Men's Breakfast and a Men's Fitness event.

We held two Kindergarten Transition meetings for parents focusing on the registration process, preparing for the social and emotional changes of kindergarten, and the rights of parents as advocates for their children in the school system. We also provided support for parents to apply for the CPS Options for Knowledge programs. Throughout the year we supplied a lending library of books about going to kindergarten for children to take home and read with their parents, and we visited local public schools with families and children to tour potential new classrooms.

In FY 10 we . . . Achieved re-accreditation by the National Association for the Education of Young Children (NAEYC).

. . . Received a Quality Rating System Award (QRS) from the Illinois Network of Child Care Resource and Referral Agencies.

Fiscal Year 2010 Financials

Financial Summary

	Year Ended June 30, 2010	Year Ended June 30, 2009
Revenues	\$6,507,007	\$6,663,609
Expenses	\$6,424,459	\$6,672,406
Depreciation	\$329,425	\$295,243
Total Expenses	\$6,753,884	\$6,967,649
Excess of Revenue over Expenses	(\$246,877)	(\$304,040)
Net Assets at beginning of year	\$4,967,366	\$5,271,406
Net Assets at end of year	\$4,720,489	\$4,967,366
Current Assets	\$1,151,849	\$1,133,658
Total Fixed Assets	\$4,392,468	\$4,716,070
Total Assets	\$5,544,317	\$5,849,728
Total Current Liabilities	\$600,481	\$591,749
Long Term Liabilities	\$223,347	\$290,613
Net Assets	\$4,720,489	\$4,967,366
Total Liabilities & Net Assets	\$5,544,317	\$5,849,728

This statement was prepared by management of the Howard Area Community Center, based on the audit. The financial statements for the year ended June 30, 2010 were audited by the certified public accounting firm of Knutte & Associates, PC. The auditors found no material weaknesses or deficiencies, and expressed an unqualified opinion.

The complete audit for the fiscal year ended June 30, 2010, is available from the Howard Area Community Center, 7648 North Paulina Street, Chicago, Illinois 60626, 773-262-6622.

Expenses

	Year Ended June 30, 2010	Year Ended June 30, 2009
Howard Area Leadership Academy	\$ 1,362,852	\$ 1,393,057
Early Childhood	\$ 999,856	\$ 1,115,504
Infants & Toddlers	\$ 1,544,941	\$ 1,779,960
Adult Education & Employment	\$ 851,612	\$ 815,080
Health & Human Services	\$ 636,229	\$ 730,906
Youth Services	\$ 650,728	\$ 587,654
Administration & Development	\$ 378,241	\$ 250,245
Total Expenses*	\$ 6,424,459	\$ 6,672,406

* Expenses before Depreciation

Proposed FY10 Budget

PROGRAM	Total Payroll	Direct Program Expenses	Total Cost	Projected Revenue	Gain/Loss
High School	\$1,002,969	\$293,710	\$1,296,679	\$1,323,523	\$26,844
Early Childhood	\$668,400	\$256,142	\$924,542	\$943,603	\$19,061
Education	\$698,461	\$123,853	\$822,313	\$848,372	\$26,058
Infants & Toddlers	\$1,389,536	\$171,269	\$1,560,805	\$1,544,654	(\$16,151)
Health & Human Services	\$439,395	\$216,561	\$655,956	\$591,846	(\$64,110)
Youth Programs	\$418,459	\$142,208	\$560,667	\$545,497	(\$15,169)
Program Totals	\$4,617,220	\$1,203,743	\$5,820,963	\$5,797,495	(\$23,467)
Development	\$136,742	\$28,765	\$165,508	\$0	(\$165,508)
Administration	\$26,160	\$74,238	\$100,398	\$294,500	\$194,102
TOTALS	\$4,780,123	\$1,306,746	\$6,086,868	\$6,091,995	\$5,127

Revenue and Support

Year Ended
June 30, 2010

Year Ended
June 30, 2009

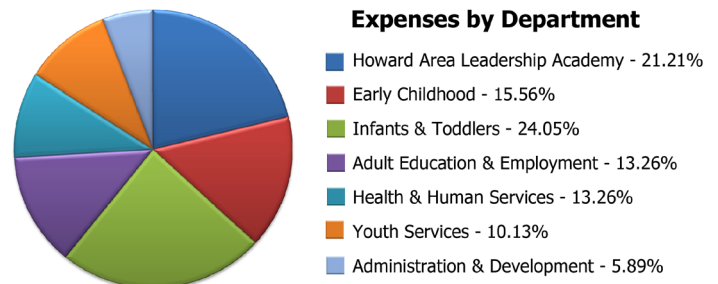
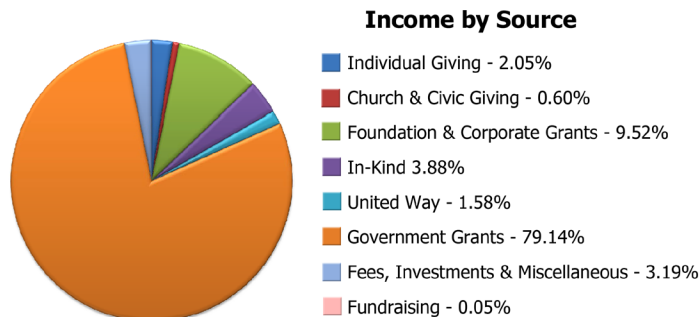
Individual Contributions	\$ 133,479	\$ 151,220
Church & Civic Contributions	\$ 39,136	\$ 47,880
In-Kind Contributions	\$ 252,368	\$ 150,082
Foundation & Corporation Contributions	\$ 619,184	\$ 744,623
Special Events	\$ 3,139	\$ 56,162
United Way	\$ 102,566	\$ 137,255
Program Fees & Miscellaneous	\$ 207,731	\$ 156,050

Government Revenue:

After School Matters	\$ -	\$ 26,250
AIDS Foundation of Chicago	\$ 72,263	\$ 111,231
Alternative Schools Network	\$ 14,295	\$ 24,776
Chicago Board of Education	\$ 820,197	\$ 804,780
Chicago Dept. of Community Development	\$ 418,316	\$ 316,317
Chicago Dept. of Family & Support Services	\$ 57,328	\$ 69,460
Chicago Dept. of Family & Support Services (Head Start)	\$ 394,293	\$ 477,141
Chicago Dept. of Family & Support Services (Workforce Investment)	\$ 156,492	\$ 192,142
Chicago Dept. of Public Health	\$ 138,852	\$ 151,739
Chicago Public Schools	\$ 391,607	\$ 530,890
Community & Economic Development Association of Cook County	\$ 13,912	\$ 32,161
Emergency Fund	\$ 12,097	\$ 11,390
Federal Emergency Management Agency	\$ 14,585	\$ 8,535
Illinois Attorney General	\$ 4,639	\$ 25,494
Illinois Community College Board	\$ 111,939	\$ 242,675
Illinois Criminal Justice Information Authority	\$ 26,480	\$ 33,522
Illinois Dept. of Commerce & Economic Opportunity	\$ 55,000	\$ 45,000
Illinois Dept. of Children & Family Services	\$ 188,672	\$ 200,440
Illinois Dept. of Human Services	\$ 847,024	\$ 700,464
Illinois Dept. of Corrections	\$ 44,383	\$ 23,100
Illinois Dept. of Public Health	\$ -	\$ 1,000
Illinois State Board of Education	\$ 607,599	\$ 369,103
Illinois Secretary of State	\$ 74,998	\$ 76,152
U.S. Dept. of Human Services (Early Head Start)	\$ 684,432	\$ 745,635
Youth Connection Charter Schools	\$ -	\$ 942
Total Government Revenue:	\$ 5,149,402	\$ 5,220,337

Total Revenue & Support:

\$ 6,507,007 **\$ 6,663,609**



Fiscal Year 2008 Findings and Corrective Measures

Family Center Head Start Review Report Administration for Children and Families Site Monitoring of Howard Area Community Center Early Head Start Program

In June 2008 Howard Area Community Center was administered a site visit and program review by the Administration for Children and Families. Based on the review Howard Area Community Center was **in compliance** and was recognized for its accomplishments in following **eight of its ten categories:**

- Health Services
- Nutritional Services
- Safe Environment
- Mental Health Services
- Disability Services
- Family and Community Services
- Transportation
- Education and Early Childhood Development Services

However the agency was found out of compliance in a few areas. In the areas of non-compliance that was identified by the site visit, Howard Area Community Center made several corrective measures. With all the corrective measures made, in a follow-up site visit and review process that was done in January 2009, the organization was issued documentation by the Administration for Children and Families that corrective measures were met and no additional corrective measures were required.

Below is a list of the original findings that were found in the 2008 site visit and review process and most importantly the corrective measures that were instituted by the next follow-up site visit in January 2009.

Finding 1 Cost Sharing or Matching:

Finding 1a: The grantee's matching contributions, including cash and third-party in-kind, were not verifiable from the recipient's records. The total amount of in-kind contributions shown on summary sheets for October 2007 through February 2008 differed from the original source documents for those months. In October 2007 was \$16,207.96, but supporting documentation showed \$9,420.80; November 2007 was \$16,207.96, but supporting documentation showed \$7,745.40; December 2007 was \$16,362.80, but supporting documentation showed \$7,382.80; January 2008 was \$15,716.30, but supporting documentation showed \$9,746.70; and February 2008 was \$20,521.95, but supporting documentation showed \$12,656.35. In an interview, the Financial Manager acknowledged he was aware of the discrepancies in the records.

A review of Volunteer Sign-In sheets found they were contained spaces for the date, name, school/organization, classroom, time in, time out, number of hours, and staff

initials. The sign-in sheet did not include space to identify or reference the service or activity provided by the volunteer, and as a result, it could not be determined whether the service or activity provided was allowable and reasonable. During an interview, the Associate Director confirmed the volunteer form did not include a description of services provided. In addition, a review of the Volunteer Sign-In sheets for October and November 2007 found the documents were not signed by a staff person to certify services provided.

Corrective Follow-up Review 1a: The grantee's matching contributions, including cash and third-party in-kind, were verifiable from the recipient's records. A review of in-kind records for September and October 2008 found the total amounts of in-kind were, respectively, \$4,650.00 and \$12,855.41.

A review of sample sign in sheets found all were appropriately documented, and summary sheets were calculated correctly and verifiable in the monthly financial reports and General Ledger. In an interview, the Financial Manager indicated he reviewed all in-kind records on a monthly basis and created monthly report used for posting to the General Ledger

The grantee maintained records to verify the accuracy of in-kind contributions; therefore, it was in compliance with the regulations.

Finding 1B: The grantee did not maintain current documentation to support the valuation of in-kind contributions from third parties for personal services and donated supplies. A review of the grantee's Fiscal policies and Procedures manual found a description for valuation of donated in-kind services and materials: For donated supplies, a list was to be circulated to management staff showing which contributions were allowable, and the rate for a comparable staff position was to be used to value volunteer hours.

In an interview, the Financial Manager stated the grantee did not have a list of allowable in-kind goods and supplies including the value of the items. In addition, he indicated the grantee had no system for valuation of goods and supplies, and the system for valuation of volunteer services was last revised in November 2000.

The grantee did not document the basis for the valuation of goods and services used as in-kind contributions; therefore, it was not in compliance with regulations.

Corrective Follow-up Review 1B: The grantee maintained current documentation to support the valuation of third-party in-kind contributions of personal services and donated supplies. A review of the grantee's Family Center Volunteer

form and in-kind records from September and October 2008 found in-kind was documented and valued correctly. The rates of various volunteer activities were listed and compared with wage information from the grantee's payroll system.

In an interview, the Financial Manager indicated valuation of in-kind services was based on the wages of agency personnel providing similar services, and a system was now in place to review in-kind valuation for goods based on agency invoices for similar goods. The grantee documented the basis for the valuation of goods and services and used as in-kind contributions; therefore, it was in compliance with the regulation.

Finding 2: Equipment

Finding 2a: The grantee did not take physical inventory and reconcile the results to equipment records at least once every 2 years. Neither the Comptroller nor the Associate Director was able to locate an inventory for the Early Head Start program performed within the past 2 years. The Associate Director provided a listing of what was believed to be the last complete inventory; it was dated August 10, 2004. In addition, a Property Control log for the Early Head Start program, dated April 8, 2005, was provided for review; however, the Associate Director was not sure whether the listing was the actual inventory for the program.

The grantee did not conduct a physical inventory in the last 2 years; therefore, it was not in compliance with the regulation.

Corrective Follow-up Review 2a: The grantee conducted a physical inventory and reconciled the results to its equipment records. A review of inventory records and an interview with the Financial Manager determined an inventory was conducted on January 12, 2009, and a review of all items in the inventory was completed. The grantee conducted a physical inventory and reconciled the results to its equipment records within the last 2 years; therefore, it was in compliance with the regulation.

Finding 3: Competition

Finding 3a: The grantee did not solicit competitive bids to ensure, to the maximum extent possible, open and free competition. A review of the grantee's Fiscal Policies and Procedures manual found documentation indicating efforts were to be made to support open and free competition for all purchases under \$100,000. The manual further stated: "...if multiple units of an item are purchased and the total is over \$500, a competitive price analysis will be done." A competitive price analysis meant the procurement was open for competitive bids.

On August 31, 2007, the last day of the fiscal year, the grantee purchased six ThinkPad T60p laptop computers for its Early Head Start classrooms at \$1,999.99 each. There was no documentation to show a competitive price analysis was

conducted, as required by the grantee's Fiscal Procedures manual. In an interview, the Comptroller confirmed the laptop computers were procured without a competitive price analysis. During the review, the grantee provided a price comparison for the laptop computers purchased. No documentation was provided to demonstrate the grantee followed its written procedures.

The grantee did not solicit bids for the purchase of six laptop computers as required by its Fiscal Procedures manual, demonstrating it was not in compliance with the regulation.

Corrective Follow-up Review 3a:

The grantee solicited competitive bids to ensure, to the maximum extent possible, open and free competition. A review of the grantee's Fiscal Policies and Procedures manual found documentation indicating efforts were to be made to support open and free competition for all purchases under \$100,000. The manual further stated: "...if multiple units of an item are purchased and the total is over \$500, a competitive price analysis will be done." A review of three purchase orders for items over \$500 found the grantee completed a competitive analysis and review in accordance with its policy. In an interview, the Financial Manager indicated procurements were reviewed more carefully and followed the written policies.

The grantee solicited bids for over \$500 as required by its Fiscal Policies and Procedures manual; therefore, it was in compliance with the regulation.

Finding 4: Program Governance

Finding 4a: The grantee did not have written policies defining the roles and responsibilities of the governing body member and informing them of necessary management procedures and functions. In an interview, the Executive Director and the Associate Director stated the Board of Directors by-laws, last updated July 1, 2000, were considered to be the written policies governing the Board of Directors' responsibilities. The Executive Director stated that there were no specific references in the by-laws to the Board of Directors' legal and fiduciary responsibilities except for the General Powers provision in Article V, which stated: "The Board of Directors is charged with responsibility for the management of the business, property affairs, and programs of the Center." A review of the by-laws found no definitions of members' roles and responsibilities.

In an interview, two members of the Board of Directors – the President and Treasurer/Chair of the Finance Committee—were unable to describe what was meant by being legally and fiscally responsible for the administration of the Early Head Start program. The Board President stated she never thought about it in those terms.

The grantee was not in compliance with the regulation because it did not have written policies defining the roles and responsibilities of the governing body members.

Corrective Follow-up Review 4a: The grantee has written policies defining the roles and responsibilities of the governing body members and informing them of necessary management procedures and functions. In an interview, Board members stated they took part in revising the by-laws to include statements to indicate the Board of Directors was the responsible entity for the grant. The Board approved the revisions on December 8, 2008. The Board members also stated they took part in Board training covering Governance and Fiduciary Responsibilities on October 11, 2008. A review of the revised by-laws found section 12 of the by-laws listed the responsibilities of the Board members. The grantee was in compliance with the regulation because it had written policies defining the roles and responsibilities of the governing body members.

Finding 5: Age of children and family income eligibility

Finding 5a: The grantee did not maintain statements signed by employees indicating income verification was made for each child enrolled in the Early Head Start program. A review of folders of 49 EHS children of a funded enrollment of 82 found 19 folders did not contain statements signed by an employee indicating family-income documentation was reviewed, and the child was found income-eligible.

In an interview, the Enrollment Specialist stated the grantee – a delegate Head Start agency for the City of Chicago – previously used a City of Chicago form documenting income verification and eligibility and including an employee’s signature; however, the grantee discontinued use of the form at the request of the City of Chicago. The Enrollment Specialist said the grantee was in the process of developing its own income-eligibility verification form. During the review, the grantee reviewed the 19 identified files and inserted a signed statement indicating income eligibility was

determined by an employee.

The grantee did not maintain statements signed by employees indicating children were income-eligible; therefore, it was not in compliance with the regulation.

Corrective Follow-up Review 5a: The grantee maintained statements signed by employees indicated income verification was made for each child enrolled in the Early Head Start (EHS) program. A review of folders of 32 EHS children of a funded enrollment of 82 found all contained income-verification statements signed by an employee. In an interview, the Head Start Director stated the grantee created a new form for income eligibility in June 2008. A review of the form confirmed it contained a line on which a staff member was to sign.

The grantee maintained statements signed by employees indicating income verification was made and children were income-eligible; therefore, it was in compliance with the regulation.

