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February 17, 2010

Board of Directors  
East Wayne Street Center, Inc.  
801 E. Wayne St.  
Fort Wayne, IN 46802

We have reviewed the audit report prepared by Dulin, Ward & DeWald, Inc., Independent Public Accountants, for the period November 1, 2007 to October 31, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the East Wayne Street Center, Inc., as of October 31, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**EAST WAYNE STREET CENTER, INC.**

**FINANCIAL STATEMENTS**

**Year Ended October 31, 2008**

**With Summarized Information for October 31, 2007**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
East Wayne Street Center, Inc.  
Fort Wayne, Indiana

We have audited the accompanying statement of financial position of East Wayne Street Center, Inc. (a nonprofit organization) as of October 31, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's October 31, 2007 financial statements, and in our report dated February 28, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 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 audit provides 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 East Wayne Street Center, Inc. as of October 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with the generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 28, 2009 on our consideration of East Wayne Street Center, Inc.'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 read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of East Wayne Street Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and related notes is presented for the purpose of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Dubin, Ward & DeWald, Inc.*

Fort Wayne, Indiana

April 28, 2009

EAST WAYNE STREET CENTER, INC.  
STATEMENT OF FINANCIAL POSITION  
October 31, 2008 with Summarized Financial  
Information for October 31, 2007

	2008	2007 (As Restated)
<b>ASSETS</b>		
Cash	\$ 9,885	\$ 22,497
Short term investments	2,241	2,114
Receivables:		
Pledges	60,000	75,000
Claims	29,772	85,993
Prepaid expenses	10,018	10,364
Fixed assets - net	<u>771,930</u>	<u>804,976</u>
<b>Total Assets</b>	<u><u>\$ 883,846</u></u>	<u><u>\$ 1,000,944</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Line of credit	\$ 30,000	\$ 40,000
Accounts payable	31,812	76,799
Accrued payroll and related expenses	15,090	19,973
Note payable	<u>17,039</u>	<u>-</u>
<b>Total Liabilities</b>	93,941	136,772
Net Assets:		
Unrestricted	627,400	660,776
Temporarily restricted	<u>162,505</u>	<u>203,396</u>
<b>Total Net Assets</b>	<u>789,905</u>	<u>864,172</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 883,846</u></u>	<u><u>\$ 1,000,944</u></u>

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

**EAST WAYNE STREET CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended October 31, 2008 with Summarized  
Information for the Year Ended October 31, 2007

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>
<b>CHANGES IN NET ASSETS</b>		
<b>Support and Revenues:</b>		
Head Start:		
Contributions-in-kind	\$ 25,004	\$ -
Grants - federal	636,255	-
Interest	58	-
Center:		
Contributions	37,910	-
Grants - state	24,239	-
Grants - other	125,490	165,150
Special events:		
Proceeds	22,233	-
Less direct benefit to donors	-	-
Contract revenue	50,754	-
Interest	61	-
Other	17,981	-
<b>Net Assets Released From Restrictions:</b>		
Satisfaction of program requirements	191,041	(191,041)
Satisfaction of time requirement	15,000	(15,000)
	1,146,026	(40,891)
<b>Total Support and Revenues</b>	<b>1,146,026</b>	<b>(40,891)</b>
<b>Expenses and Losses:</b>		
Head Start	694,708	-
Community Home Repair	43,504	-
Parents as Teachers	23,840	-
Literacy	69,974	-
Drug Prevention	48,212	-
Family Mentoring	43,338	-
Other programs	122,557	-
Administration	75,401	-
Fundraising	57,868	-
Loss on disposal of fixed assets	-	-
	1,179,402	-
<b>Total Expenses and Losses</b>	<b>1,179,402</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>(33,376)</b>	<b>(40,891)</b>
<b>NET ASSETS - beginning of year</b>	<b>660,776</b>	<b>203,396</b>
<b>NET ASSETS - end of year</b>	<b>\$ 627,400</b>	<b>\$ 162,505</b>

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

2008	2007 (As Restated)
\$ 25,004	\$ 9,656
636,255	635,807
58	76
37,910	5,849
24,239	19,755
290,640	250,622
22,233	67,468
-	(8,647)
50,754	55,591
61	1,023
17,981	7,204
-	-
-	-
1,105,135	1,044,404
694,708	648,063
43,504	53,154
23,840	32,266
69,974	73,633
48,212	64,205
43,338	45,572
122,557	120,807
75,401	72,802
57,868	67,189
-	533
1,179,402	1,178,224
(74,267)	(133,820)
864,172	997,992
\$ 789,905	\$ 864,172

**EAST WAYNE STREET CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended October 31, 2008 with Summarized  
Financial Information for the Year Ended October 31, 2007

	Head Start	Community Home Repair	Parents as Teachers	Literacy	Drug Prevention
Salaries	\$ 353,620	\$ 27,368	\$ 12,147	\$ 46,360	\$ 5,646
Payroll tax expense	36,696	4,264	1,893	7,223	880
Employee benefits	103,317	3,824	1,697	6,477	789
<b>Total Salaries and Related Expenses</b>	493,633	35,456	15,737	60,060	7,315
Program expense	113,032	1,460	199	3,326	34,309
Utilities	20,607	758	909	758	758
Professional fees	7,078	1,199	1,439	1,199	1,199
Insurance and other	7,862	790	948	790	790
Office expense	11,073	500	600	500	500
Repairs and maintenance	7,866	632	758	632	632
Transportation	10,594	-	-	-	-
Telephone	3,931	392	471	392	392
Miscellaneous	876	317	380	317	317
Interest	-	-	-	-	-
Security	-	-	-	-	-
<b>Total Expenses Before Depreciation</b>	676,552	41,504	21,441	67,974	46,212
Depreciation	18,156	2,000	2,399	2,000	2,000
<b>Total Expenses</b>	<u>\$ 694,708</u>	<u>\$ 43,504</u>	<u>\$ 23,840</u>	<u>\$ 69,974</u>	<u>\$ 48,212</u>

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

Family Mentoring	Other Programs	Admin- istration	Fund Raising	2008	2007 (As Restated)
\$ 28,701	\$ 61,141	\$ 29,348	\$ 22,579	\$ 586,910	\$ 599,743
4,472	9,526	4,571	3,518	73,043	64,069
4,010	8,543	4,101	3,155	135,913	111,464
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
37,183	79,210	38,020	29,252	795,866	775,276
886	12,823	-	2,269	168,304	185,411
606	3,246	3,938	3,030	34,610	30,203
959	4,078	6,239	4,797	28,187	35,724
632	2,685	4,106	3,159	21,762	21,300
400	1,701	2,602	2,001	19,877	22,688
505	2,148	3,286	2,527	18,986	27,166
-	6,906	-	-	17,500	14,166
314	1,333	2,040	1,569	10,834	9,599
253	1,076	1,646	1,266	6,448	2,005
-	-	2,697	-	2,697	3,602
-	553	431	-	984	980
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
41,738	115,759	65,005	49,870	1,126,055	1,128,120
1,600	6,798	10,396	7,998	53,347	49,571
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\$ 43,338	\$ 122,557	\$ 75,401	\$ 57,868	\$ 1,179,402	\$ 1,177,691

**EAST WAYNE STREET CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
Year Ended October 31, 2008 with Summarized  
Financial Information for the Year Ended October 31, 2007

	2008	2007 (As Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (74,267)	\$ (133,820)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	53,347	49,571
Reinvestment of interest and dividends	(127)	-
Loss on disposal of fixed assets	-	533
Change in assets and liabilities:		
(Increase) decrease in:		
Receivables	71,221	9,626
Prepaid expenses	346	147
Increase (decrease) in:		
Accounts payable	(44,987)	4,695
Accrued payroll and related expenses	(4,883)	6,800
	650	(62,448)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(301)	(12,905)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment on note payable	(2,961)	-
Net increase (decrease) in lines of credit	(10,000)	(18,729)
	(12,961)	(18,729)
<b>INCREASE (DECREASE) IN CASH</b>	(12,612)	(94,082)
<b>CASH - beginning of year</b>	22,497	116,579
<b>CASH - end of year</b>	\$ 9,885	\$ 22,497

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

**EAST WAYNE STREET CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
October 31, 2008

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES**

**Organization**

East Wayne Street Center, Inc. is a nonprofit voluntary health and welfare organization which provides various services to low and moderate income families in the Fort Wayne, Indiana area. Services provided include:

**Head Start Program:** Started in 1965 (the first in Allen County), this program is currently serving 110, three-to-five year old low-income children. In June of 1980, the program became the first in Indiana to be accredited by the National Academy of Early Childhood Programs.

**Project Solve Program:** Since its inception in 1986, more than 4,000 students have enrolled in this award-winning GED preparation / adult basic education program. One of the most successful of its kind, it has empowered many of its participants to make meaningful and long lasting differences in not only their own lives, but those of their children. The program targets high school dropouts and adults who need to improve their reading, writing and math skills in order to obtain employment. Transportation and childcare is available for all participants.

**Community Home Repair Program:** Started in 1983, this program is designed to help low-income homeowners with minor and major home repairs. The program has provided more than 4,500 homes with improvement repairs. Over 1,600 low-income homeowners have utilized this program.

**Family Literacy Program:** Started in 1994, this program is designed to encourage and foster families to learn together. It teaches life skills, job skills, parenting-skills and GED preparation. Transportation and childcare is available to all participants.

**Family Mentor Program:** Started in 1998, this program is a comprehensive In-Home Case Management Program. This program provides home based case management to families who are in need of outside intervention due to child abuse and neglect. The program is designed to assist families in the improvement of overall living conditions.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (continued)

Summer Literacy/Ready for School Program: Started in the summer of 1995, this program is designed to bring about a greater degree of social competence in children of low-income families. The program offers a home and center-based preschool experience that encourages social/emotional, cognitive/intellectual, motor and mental health skills to help better prepare the preschool children for their kindergarten school year and overall elementary school experience.

Emergency Program: Started in 1990, this service provides financial assistance to low-income individuals for utilities or rental needs.

Alcohol, Tobacco and Drug Program: Initiated in 1998, the program is designed to target children between the ages of nine and thirteen in order to educate them on the dangers of using alcohol, tobacco and drugs. This drug prevention program also incorporates activities in the area of self-esteem building, self-awareness, and community responsibility.

Food Bank: Since 1983, the Food Bank provides food for low-income individuals who are in need. The Food Bank is open twice a week for two hours a day.

Sports Academic Consortium: The primary purpose of this program is to stabilize and support at-risk young people in the Allen County community. There is a strong commitment to emphasizing academic success, self-esteem development and positive decision making. The program is geared toward utilizing the athletic work ethic all of the participants by helping them focus that same kind of positive energy into academics and personal enrichment. This project runs from January to August.

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation. East Wayne Street Center, Inc. has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

**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.

(continued)

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (continued)**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**Investments**

Investments are carried at fair value. Substantially all of the investments have readily determinable values. Fair value is based on statements received from reputable investment firms.

**Receivables**

The Organization recognizes pledges as public support in the year the pledge is made. Pledges and claims receivable are due from government and other significant funding sources. Based upon historical collection experience with these agencies, no allowance for doubtful accounts is deemed necessary.

**Fixed Assets**

Fixed assets are stated at cost, or if donated, at fair value at the date of gift. All items with a cost in excess of \$1,000 and a useful life in excess of one year are capitalized. The Organization follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets. It is not the Organization's policy to imply time restrictions expiring over the useful life of donated assets. In the absence of donor-imposed restrictions on the use of the asset, gifts of long lived assets are reported as unrestricted support.

Fixed assets acquired with grant funds are owned by East Wayne Street Center while used in the Head Start program. However, the funding source has a reversionary interest in assets purchased with grant funds. Their disposition, as well as any proceeds from the disposition, is subject to funding source regulations. The book value of grant-funded fixed assets at October 31, 2008 is \$44,948.

**Contributions**

Gifts of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit their use. In the case of temporarily restricted support, when the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and no assets are reclassified in the statement of activities.

(continued)

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (continued)**

Contributed services are reported in the financial statements for voluntary donations of services. Head Start uses amounts provided by their funding source to value contributed services.

**Other Matters**

The financial statements include 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended October 31, 2007, from which the summarized information was derived.

2. **SHORT TERM INVESTMENTS**

Short term investments in the amount of \$2,241 consist of a certificate of deposit.

3. **PLEDGES RECEIVABLE**

Pledges receivable are due from local foundations in less than one year.

4. **FIXED ASSETS**

The components of fixed assets are as follows:

Land and improvements	\$ 121,719
Building and improvements	1,162,961
Vehicles	142,002
Equipment	<u>185,631</u>
	1,612,313
Accumulated depreciation	<u>840,383</u>
	<u>\$ 771,930</u>

**5. LINE OF CREDIT**

The Organization has available at October 31, 2008 a \$50,000 line of credit with JP Morgan Chase Bank NA. Interest, which is computed monthly on the unpaid balance, is at prime plus 1.65% (6.65% at October 31, 2008). The note is secured by all business assets of the Organization. The balance drawn on the line of credit at October 31, 2008 is \$30,000.

Interest paid on the line of credit during 2008 was \$2,697.

**6. NOTE PAYABLE**

The note payable in the amount of \$17,039 at October 31, 2008 is due to Fort Financial in monthly payments of \$381 plus interest at 5.4%. The note, which is due December 2012, is secured by the Organization's vehicle.

Maturities on the note payable as of October 31, 2008:

2009	\$	3,748
2010	\$	3,956
2011	\$	4,175
2012	\$	4,406
2013	\$	754

**7. NET ASSETS**

Temporarily restricted net assets are to be used for the following purposes:

Future periods	\$	60,000
Head Start program		50,507
Community Home Repair program		29,770
Parents as Teachers		16,201
Project Solve		5,000
Van purchase		<u>1,027</u>
	\$	<u>162,505</u>

**8. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES**

Cash used in operating activities includes interest paid of \$2,697.

Noncash investing and financing activities include the purchase of a vehicle via a note payable in the amount of \$20,000.

**9. IN-KIND CONTRIBUTIONS**

The Organization recognizes contributions of revenue for certain services received at the fair value of those services. Those services include the following item:

Head Start program:	
Volunteer services	\$ 25,004

**10. RETIREMENT PLAN**

The Organization sponsors a defined contribution retirement plan for all full-time employees with at least 1,000 hours of service per year and who are at least 21 years old. The plan allows for participant elective deferrals and a discretionary match by the Organization. Contributions to the plan charged to operations were \$3,821 for the year.

**11. CONCENTRATIONS**

The Organization receives a significant amount of its funding from the federal government. A substantial reduction in the level of this support, if it were to occur, may have an effect on the Organization's programs and activities.

**12. RESTATEMENT**

The financial statements for 2007 have been restated to correct an error in the recording of temporarily restricted net assets. The restatement, which was to decrease unrestricted net assets and increase temporarily restricted net assets by \$49,972, has no effect on the change in net assets.

**EAST WAYNE STREET CENTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended October 31, 2008

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Revenue Recognized	Expenditures
U.S. Department of Health and Human Services				
Passed through Community Action of Northeast Indiana, Inc.:				
Head Start Full Year Part Day	93.600	05CH4038	\$ 588,305	\$ 588,305
Head Start Training and Technical Assistance	93.600	05CH4038	7,803	7,803
U.S. Department of Agriculture:				
Passed through Indiana Department of Education:				
Child and Adult Care Food Program	10.558	102-0100	<u>40,147</u>	<u>40,147</u>
<b>Total Federal Assistance</b>			<u><u>\$ 636,255</u></u>	<u><u>\$ 636,255</u></u>

The accompanying notes are an integral part of this schedule.

**EAST WAYNE STREET CENTER, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
October 31, 2008

**1. BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of East Wayne Street Center, Inc. and is presented on the regulatory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2. MATCHING CONTRIBUTIONS**

In accordance with terms of the grant, the Organization has expended matching contributions in the amount of \$149,223 for the Head Start program.



Dulin, Ward & DeWald, Inc.  
CPAs & ADVISORS

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**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**

Board of Directors  
East Wayne Street Center, Inc.  
Fort Wayne, Indiana

We have audited the financial statements of East Wayne Street Center, Inc. as of and for the year ended October 31, 2008, and have issued a report thereon dated April 28, 2009. We conducted our audit 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered East Wayne Street Center, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be 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 East Wayne Street Center, Inc.'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.

We noted certain matters that we reported to management of East Wayne Street Center, Inc. in a separate letter dated April 28, 2009.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Dalin, Ward & DeWald, Inc.*

Fort Wayne, Indiana  
April 28, 2009



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CPAs & ADVISORS

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Offices Located in Ft. Wayne and Marion, Indiana

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
East Wayne Street Center, Inc.  
Fort Wayne, Indiana

**Compliance**

We have audited the compliance of East Wayne Street Center, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended October 31, 2008. East Wayne Street Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of East Wayne Street Center, Inc.'s management. Our responsibility is to express an opinion on East Wayne Street Center, Inc.'s compliance based on our audit.

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; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 East Wayne Street Center, Inc.'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. Our audit does not provide a legal determination on East Wayne Street Center, Inc.'s compliance with those requirements.

In our opinion, East Wayne Street Center, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended October 31, 2008.

### Internal Control Over Compliance

The management of East Wayne Street Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered East Wayne Street Center, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 East Wayne Street Center, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Dubin, Ward & DeWald, Inc.*

Fort Wayne, Indiana  
April 28, 2009

**EAST WAYNE STREET CENTER, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
October 31, 2008

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal Control over financial reporting:

Material weakness(es) identified? \_\_\_ Yes     X  No

Significant deficiency(ies) identified that  
are not considered to be material  
weakness(es)? \_\_\_ Yes     X  None  
Reported

Noncompliance material to financial statements  
noted? \_\_\_ Yes     X  No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_ Yes     X  No

Significant deficiency(ies) identified that  
are not considered to be material  
weakness(es)? \_\_\_ Yes     X  None  
Reported

Type of report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to  
be reported in accordance with section 510(a)  
of Circular A-133? \_\_\_ Yes     X  No

(continued)

**EAST WAYNE STREET CENTER, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

October 31, 2008

(continued)

**Identification of Major Programs:**

CFDA Number(s)	Name of Federal Program or Cluster
93.600	Head Start

Dollar threshold used to distinguish between  
type A and type B programs:

\$ 300,000

Audited qualified as low-risk auditee?

Yes     No

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.

**EAST WAYNE STREET CENTER, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended October 31, 2008

There were no prior audit findings.