



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B35795

STATE BOARD OF ACCOUNTS
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February 17, 2010

Board of Directors
Southeastern Indiana Economic
Opportunity Corporation
110 Importing St.
P.O. Box 240
Aurora, IN 47001-0240

We have reviewed the audit report prepared by Krueger & Associates, CPA's, LLC, Independent Public Accountants, for the period January 1, 2008 to December 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 Southeastern Indiana Economic Opportunity Corporation, as of December 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.

We call your attention to the finding in the report. The management letter contains one comment.

STATE BOARD OF ACCOUNTS

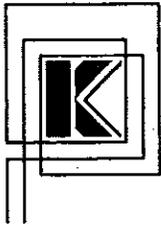
**SOUTHEASTERN INDIANA ECONOMIC
OPPORTUNITY CORPORATION**
Aurora, Indiana

FINANCIAL STATEMENTS
For the Years Ended
December 31, 2008 and 2007

**SOUTHEASTERN INDIANA ECONOMIC
OPPORTUNITY CORPORATION
Aurora, Indiana**

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Krueger & Associates, CPA's, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southeastern Indiana Economic Opportunity Corporation
Aurora, Indiana

We have audited the accompanying statements of financial position of Southeastern Indiana Economic Opportunity Corporation (a nonprofit organization) as of December 31, 2008 and 2007 and the related statements of activities and cash flows for the years 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.

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 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 the 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 Southeastern Indiana Economic Opportunity Corporation as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2009, on our consideration of Southeastern Indiana Economic Opportunity Corporation'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 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.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Southeastern Indiana Economic Opportunity Corporation taken as a whole. The schedule of program activity and the schedule of federal awards for Headstart is presented for purposes of additional analysis and is not a required part of the financial statements of Southeastern Indiana Economic Opportunity Corporation. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Southeastern Indiana Economic Opportunity Corporation. 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.

Kreiger & Associates, CPAs, LLC

Certified Public Accountants

Jasper, IN
July 21, 2009

**SOUTHEASTERN INDIANA ECONOMIC
OPPORTUNITY CORPORATION
Aurora, Indiana**

EXHIBIT A

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2008	2007
Current Assets		
Cash in bank	\$265,783	\$290,143
Grants receivable	366,483	241,077
Total current assets	632,266	531,220
Property and equipment, net	41,463	14,504
Total assets	\$673,729	\$545,724

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$452,423	\$358,152
Accruals:		
Payroll & related	53,600	67,663
Total current liabilities	506,023	425,815
Total liabilities	506,023	425,815
Net Assets		
Unrestricted	148,886	96,740
Temporarily restricted	18,820	23,169
Total Net Assets	167,706	119,909
TOTAL LIABILITIES AND NET ASSETS	\$673,729	\$545,724

The accompanying notes are an integral part of the financial statements

SOUTHEASTERN INDIANA ECONOMIC
OPPORTUNITY CORPORATION
Aurora, Indiana

EXHIBIT B

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Current year awards	\$0	\$5,043,016	\$5,043,016
Interest income	246	0	246
In kind contributions	217,560	0	217,560
Other	69,723	0	69,723
Net assets released from restriction through satisfaction of program restrictions	5,047,365	(5,047,365)	0
Total Revenue	5,334,894	(4,349)	5,330,545
Expenses:			
Personnel	2,092,273	0	2,092,273
Occupancy	990,974	0	990,974
Telephone and postage	41,098	0	41,098
Contracted services	79,064	0	79,064
Materials and supplies	440,747	0	440,747
Equipment	3,929	0	3,929
Travel and transportation	60,681	0	60,681
Insurance	4,976	0	4,976
Training	19,325	0	19,325
Printing and publications	36,845	0	36,845
Other costs	94,490	0	94,490
Specific assistance	1,200,786	0	1,200,786
In kind expenses	217,560	0	217,560
Total Expenses	5,282,748	0	5,282,748
Increase (Decrease) in Net Assets	52,146	(4,349)	47,797
Net assets - Beginning of year	96,740	23,169	119,909
Net assets - End of year	\$148,886	\$18,820	\$167,706

The accompanying notes are an integral part of the financial statements

**SOUTHEASTERN INDIANA ECONOMIC
OPPORTUNITY CORPORATION
Aurora, Indiana**

EXHIBIT B

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007**

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Current year awards	\$0	\$4,707,566	\$4,707,566
Interest income	480	0	480
In kind contributions	244,483	0	244,483
Other	10,548	0	10,548
Net assets released from restriction through satisfaction of program restrictions	4,684,397	(4,684,397)	0
Total Revenue	4,939,908	23,169	4,963,077
Expenses:			
Personnel	1,835,118	0	1,835,118
Occupancy	953,951	0	953,951
Telephone and postage	62,559	0	62,559
Contracted services	103,332	0	103,332
Materials and supplies	600,552	0	600,552
Equipment	0	0	0
Travel and transportation	66,418	0	66,418
Insurance	55,931	0	55,931
Training	7,215	0	7,215
Printing and publications	18,089	0	18,089
Other costs	89,021	0	89,021
Specific assistance	915,786	0	915,786
In kind expenses	244,483	0	244,483
Total Expenses	4,952,455	0	4,952,455
Increase (Decrease) in Net Assets	(12,547)	23,169	10,622
Net assets - Beginning of year	109,287	0	109,287
Net assets - End of year	\$96,740	\$23,169	\$119,909

The accompanying notes are an integral part of the financial statements

SOUTHEASTERN INDIANA ECONOMIC
OPPORTUNITY CORPORATION
Aurora, Indiana

EXHIBIT C

STATEMENTS OF CASH FLOWS
For the Years Ended

	December 31,	
	2008	2007
<u>CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Net increase (decrease) in net assets	\$47,797	\$10,622
Depreciation	15,786	11,237
Gain on sale of assets	0	0
(Increase) decrease in:		
Grants receivable	(125,406)	(72,262)
Prepaid expense	0	4,403
Increase (decrease) in:		
Accounts payable	94,271	(44,648)
Accruals	(14,063)	2,423
Due to other funds/ fund sources	0	(14,554)
Net cash provided from(used for) operating activities:	<u>18,385</u>	<u>(102,779)</u>
<u>CASH PROVIDED FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	(42,745)	0
	<u>(42,745)</u>	<u>0</u>
Net increase (decrease) in Cash	(24,360)	(102,779)
Cash - Beginning of Year	290,143	392,922
Cash - End of Year	<u>\$265,783</u>	<u>\$290,143</u>
Cash paid for interest	<u>\$0</u>	<u>\$0</u>
Cash paid for income taxes	<u>\$0</u>	<u>\$0</u>

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

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION.
Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Southeastern Indiana Economic Opportunity Corporation, a Community Action Agency, was established as a not-for-profit corporation to service the residents of Southeastern Indiana. Presently the agency serves the five counties of Dearborn, Franklin, Ohio, Ripley and Switzerland. The Agency is governed by a volunteer board of directors composed of representatives of the low-income, representatives of organizations, and County Commissioners or their representatives of each county. Advisory and policy councils serve to guide the various programs administered by the agency. The primary goal of Southeastern Indiana Economic Opportunity Corporation is to enable economically and socially disadvantaged people achieve self-sufficiency and become less dependent on public assistance. Programs and services offered by Southeastern Indiana Economic Opportunity Corporation provide opportunities for almost all age groups, particularly those who are low-income and meet program guidelines.

The services of the corporation are extended to the economically disadvantaged in the counties of Dearborn, Franklin, Ohio, Ripley, Clark, Decatur, Floyd, Jefferson, Scott and Switzerland through offices located in the various counties. The headquarters of the corporation is located in Aurora, Indiana.

Basis of Presentation

The basic financial statements are prepared using the accrual basis of accounting.

The organization reports information regarding its financial position and activities according to three classes of net assets, unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The classification of temporarily restricted net assets includes grant awards as the grant funds are restricted to specific programs/expenses as defined in the awards. Also included in temporarily restricted net assets is program income that is generated as part of the grant activity. When expenses are incurred against grant funds and related program income, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenue, expenses, and changes in net assets as net assets released from restriction.

Cash and Cash Equivalents

The Organization defines its cash and cash equivalents to include cash on hand, demand deposits and investments with original maturities of three months or less, with essentially no market risk.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Concentration of Credit Risk

The Organization's cash is deposited with one financial institution. Cash accounts at banks are insured by the FDIC for up to \$250,000 and \$100,000 in 2008 and 2007 respectively.. Amounts in excess of insured limits were approximately \$119,469 and \$207,630 at December 31, 2008 and 2007, respectively.

Inventory

Minor materials and supplies are charged to expense during the period of purchase. As a result, no inventory is recognized for these items in the financial statements.

Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful life of the asset. Southeastern Indiana Economic Opportunity Corporation considers items with a cost greater than \$5,000 and a useful life greater than one year to be property and equipment.

Property and equipment purchased with grant funds is owned by the Organization while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. It's disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - INCOME TAXES:

Southeastern Indiana Economic Opportunity Corporation is a private, non-profit corporation, incorporated under the Indiana General Not-for-Profit Corporation Act and is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code. It is also exempt from Indiana franchise or income tax.

NOTE C - QUESTIONED COSTS:

There were no questioned costs for the years ended December 31, 2008 and 2007.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION.
Notes to Financial Statements

NOTED - GRANTS RECEIVABLE & ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES:

The grants receivable represent amounts the agency has filed claims for the year end and were awaiting payment. A substantial majority of receivables are due from government sources. The amount deemed uncollectible is nil. Therefore, no allowance is considered necessary.

NOTE E - REVENUES:

In Kind Contributions

Southeastern Indiana Economic Opportunity Corporation has recorded in kind contributions for professional services on the statement of activities in accordance with Financial Accounting Standards No. 116 (FAS 116), *Accounting for Contributions Received and Contributions Made*. FAS 116 requires that only contributions of services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of FAS 116 are different than the in kind requirements of Southeastern Indiana Economic Opportunity Corporation grant awards. Southeastern Indiana Economic Opportunity Corporation received contributions of nonprofessional volunteers during the years ended December 31, 2008 and 2007 with a value of \$300,912 and \$227,910, respectively, primarily for its Head Start program which are not recorded on the statement of activities.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to Southeastern Indiana Economic Opportunity Corporation that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support.

Contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as released from restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises become unconditional.

Grants are recorded as contributions based on criteria contained in the grant award.

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
Notes to Financial Statements

NOTE E - REVENUES:(continued)

Interest Income

Interest income is recognized in the accounting period when it is earned. Southeastern Indiana Economic Opportunity Corporation maintains funds received from various sources in interest bearing checking accounts. The portion of interest earned on advances of direct funds is remitted to the federal funding sources in accordance with OMB Circular A-110, Attachment D, Uniform Administrative Requirements of Grants and Agreement with Nonprofit Organizations. The interest earned on other funds is included in unrestricted funds and is used to support Southeastern Indiana Economic Opportunity Corporation programs. This is in accordance with the Intergovernmental Cooperation Act (31 U.S.C. 6501 etc seq) and applicable State of Indiana regulations.

NOTE F - COST ALLOCATION:

Joint costs are allocated to benefitting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, but which cannot be readily identified with a final cost objective. Cost allocation methods are as follows:

Personnel

Agency administrative and financial personnel (executive director, deputy director, fiscal director, financial assistants, etc.) record the time they spend working on specific programs and general agency matters on their time sheets. The time specifically identifiable to a particular program is charged to that program. The time spent on general agency matters is charged to programs using a percentage based on the direct labor charges to programs.

Supplies

All supplies are inventoried and signed out to specific programs when needed. The supplies are expensed to specific programs monthly on a first-in, first-out basis.

Building

Space costs (maintenance costs, supplies, depreciation, etc.) are allocated based on the number of square feet of space each program occupies. Space occupied by administrative staff is allocated based upon the allocation of the administrative staff's time.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
Notes to Financial Statements

NOTE F - COST ALLOCATION: (continued)

Copy Costs

A record is maintained of copies made for each program. Copy costs are charged to programs based on the number of copies in the month.

Insurance

Insurance is allocated to benefitting programs depending on the equipment, space or people covered by the insurance.

Other Joint Costs

Other joint costs (telephone, computer usage, etc.) are allocated to agency programs based on the amounts used by each program.

NOTE G - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following at December 31:

	<u>2008</u>	<u>2007</u>
Transportation equipment	\$ 169,108	\$ 195,363
Accumulated depreciation	<u>(127,645)</u>	<u>(180,859)</u>
Total	<u>\$ 41,463</u>	<u>\$ 14,504</u>

NOTE H - CONTINGENCIES:

The Organization has received federal financial awards in the form of grants that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursements by the grantor agency for expenditures disallowed under terms and conditions specified in the grant agreements.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
Notes to Financial Statements

NOTE I - FUNCTIONAL CLASSIFICATION OF EXPENSES:

The following program and supporting services are reflected in the statement of activities for the year ended December 31:

	2008	2007
Program activity:		
Child care and education	\$ 2,503,918	\$2,614,549
Weatherization	270,645	283,935
Food programs	12,885	22,617
Energy assistance	1,320,850	995,960
Housing	817,308	774,436
Other programs	264,555	239,926
Total program activities	5,190,161	4,931,423
Support services:		
Management and general	23,699	21,032
Total expenses	\$ 5,213,860	\$4,952,455

NOTE J - EMPLOYEE BENEFIT PLANS:

Southeastern Indiana Economic Opportunity Corporations maintains a Section 401(k) Plan for employees with one year of full-time (at least 30 hours per week) service. Employees can for generally defer a portion of their gross salary into the plan, not to exceed \$15,500 for 2008 and \$15,500 for 2007. The employer can make a discretionary contribution for each employee not to exceed 4% of the employee's annual contribution. Employer contributions for the year ended December 31, 2008 and 2007, were \$36,564 and \$33,693, respectively.

Employees are eligible to participate in a Section 125 Cafeteria Plan after 90 days of full-time (at least 30 hours per week) service. The plan is a "premium only plan" covering only employee health insurance costs.

SOUTHEASTERN INDIANA ECONOMIC
OPPORTUNITY CORPORATION
Aurora, Indiana

SUPPLEMENTARY INFORMATION

SOUTHEASTERN INDIANA ECONOMIC
OPPORTUNITY CORPORATION
Aurora, Indiana

SCHEDULES OF PROGRAM ACTIVITY
For the Years Ended December 31,

	Program Services											GAAP Adjustments	2008 Total	2007 Total			
	C.S.B.G.	Energy Assistance	D.O.E. WVX	LH/EAP Weatherization	SWEET Weatherization	Head Start	Commodities	CCRR	Section 8	Other Programs	Management and General				Subtotal		
Revenue:																	
Grant revenue	\$212,992	\$1,344,211	\$129,063	\$114,240	\$27,360	\$1,974,453	\$12,760	\$353,805	\$812,959	\$61,233	\$0	\$5,043,016	\$0	\$5,043,016	\$4,707,566		
Interest income	0	5	0	0	0	0	0	0	0	1	240	246	0	246	480		
Other	0	0	0	0	0	0	0	0	0	0	69,723	69,723	0	69,723	10,548		
In Kind donations	0	0	0	0	0	518,472	0	0	0	0	518,472	518,472	(300,912)	217,560	244,483		
Total Revenue	212,992	1,344,216	129,063	114,240	27,360	2,492,925	12,760	353,805	812,959	61,234	69,963	5,631,457	(300,912)	5,330,545	4,983,077		
Expenses:																	
Personnel	107,475	120,929	52,575	51,986	8,685	1,367,954	8,192	258,520	60,695	5,196	50,656	2,092,273	0	2,092,273	1,835,118		
Occupancy	12,753	7,711	2,934	3,109	300	203,482	1,384	13,859	745,442	0	0	990,974	0	990,974	963,951		
Telephone and postage	3,406	3,858	906	801	88	22,853	735	5,628	2,791	32	0	41,098	0	41,098	62,559		
Contracted services	3,774	1,435	1,165	1,399	33	62,825	630	4,649	3,154	0	0	79,064	0	79,064	103,332		
Materials and supplies	10,586	3,684	70,821	57,219	18,152	210,706	484	20,610	1,303	43,451	3,731	440,747	0	440,747	600,552		
Equipment	41,485	0	0	0	0	0	0	5,179	0	0	0	46,674	(42,745)	3,929	0		
Travel and transportation	4,810	114	97	0	0	34,964	350	18,698	876	762	0	60,681	0	60,681	66,418		
Insurance	1,738	178	(383)	(383)	0	3,589	66	185	(14)	0	0	4,976	0	4,976	55,931		
Training	3,124	0	0	0	0	2,108	590	12,616	0	887	0	19,325	0	19,325	7,215		
Printing and publications	771	236	227	200	3	18,782	24	16,453	18	131	0	36,845	0	36,845	18,089		
Other costs	23,000	5,285	721	499	99	47,190	295	(2,592)	3,043	1,164	0	78,704	15,786	94,490	89,021		
Specific assistance	0	1,200,786	0	0	0	0	0	0	0	0	0	1,200,786	0	1,200,786	915,786		
In Kind expenses	0	0	0	0	0	518,472	0	0	0	0	0	518,472	(300,912)	217,560	244,483		
Total Expenses	212,992	1,344,216	129,063	114,240	27,360	2,492,925	12,760	353,805	817,308	51,623	64,387	5,610,619	(327,871)	5,282,748	4,992,455		
Change in net assets	0	0	0	0	0	0	0	0	(4,349)	9,611	15,576	20,838	26,959	47,797	10,622		
Net Assets - Beginning of	0	0	0	0	0	0	0	0	23,169	3,356	54,540	81,055	38,844	119,909	109,287		
Net Assets - End of Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,820	\$12,967	\$70,116	\$101,893	\$65,803	\$167,706	\$119,909		

The accompanying notes are an integral part of the financial statements

**SOUTHEASTERN INDIANA ECONOMIC
OPPORTUNITY CORPORATION**
Schedule of Findings and Questioned Costs
YEAR ENDED DECEMBER 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
 Reportable condition(s) identified
 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
 Reportable condition(s) identified
 not considered to be material weakness(es)? _____ yes X none reported

Type of auditor's report issued on compliance
 for major programs: unqualified

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? _____ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.596	Child Care Resource and Referral
93.568	LIHEAP

Dollar threshold used to distinguish
 between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes _____ no

SECTION II--FINANCIAL STATEMENT FINDINGS

No matters reported

SECTION III--FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported

SOUTHEASTERN INDIANA ECONOMIC
OPPORTUNITY CORPORATION
Aurora, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2008

CFDA NUMBER	PROGRAM NAME	GRANTOR/ AGENCY	GRANT REVENUE	EXPENDITURES
93.568	LIHEAP	IHCDA	\$114,240	\$114,240
93.568	Energy Assistance Program	IHCDA	1,344,216	1,344,216
93.568	SWEEP	IHCDA	27,360	27,360
	Total for CFDA # 93.568		<u>1,485,816</u>	<u>1,485,816</u>
93.596	Child Care Resource and Referral	IHCDA	353,805	353,805
	Total Major Program Federal Assistance		<u>1,839,621</u>	<u>1,839,621</u>
93.569	Community Services Block Grant	IHCDA	212,932	212,932
10.571	Commodities TEFAP	IHCDA	12,760	12,760
81.042	DOE Weatherization	Department of Energy	129,063	129,063
14.871	Section 8 Housing	IHCDA	812,959	812,959
93.600	Head Start	U.S Department of Health and Human Services	2,192,013	2,192,013
	Total Non-major Program Federal Assistance		<u>3,359,727</u>	<u>3,359,727</u>
	Total Federal Assistance		<u>\$5,199,348</u>	<u>\$5,199,348</u>

See accountants' report on schedule of expenditures of federal awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southeastern Indiana Economic Opportunity Corp. and is presented on the accrual 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.

SOUTHEASTERN INDIANA ECONOMIC
OPPORTUNITY CORPORATION
Aurora, Indiana

DIVISION OF PAYMENT MANAGEMENT

HEAD START

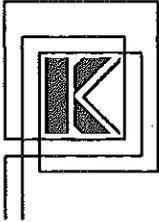
05-CH4086

For the Program Year Ended July 31, 2008

	<u>BUDGET</u>	<u>EXPENSES</u>	<u>EXPENSES (OVER) UNDER BUDGET</u>	<u>QUESTIONED COSTS</u>
Program	\$1,616,249	\$1,616,249	\$0	
Administration	<u>258,007</u>	<u>258,007</u>	<u>0</u>	
PA 22 Total	<u>1,874,256</u>	<u>1,874,256</u>	<u>0</u>	
PA 20 Total	<u>25,373</u>	<u>25,373</u>	<u>0</u>	
	<u>\$1,899,629</u>	<u>\$1,899,629</u>	<u>\$0</u>	<u>\$0</u>

Expenses for this schedule have been grouped based on approved grant budget cost categories.

See accountants' report on schedule of expenditures of federal awards



Krueger & Associates, CPA's, LLC

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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 of
Southeastern Indiana Economic Opportunity Corporation

We have audited the financial statements of Southeastern Indiana Economic Opportunity Corporation as of and for the year ended December 31, 2008 and have issued our report thereon dated July 21, 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 Southeastern Indiana Economic Opportunity Corporation'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

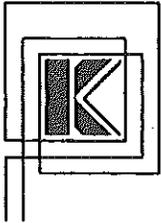
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeastern Indiana Economic Opportunity 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 statements 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 solely for the information and use of the audit committee, management, others within the organization and 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.

Krueger & Associates, CPAs, LLC
Certified Public Accountants

Jasper, IN
July 21, 2009



Krueger & Associates, CPA's, LLC

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

To the Board of Directors of
Southeastern Indiana Economic Opportunity Corporation

Compliance

We have audited the compliance of Southeastern Indiana Economic Opportunity Corporation (a nonprofit organization) 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 December 31, 2008. Southeastern Indiana Economic Opportunity Corporation'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 Southeastern Indiana Economic Opportunity Corporation's management. Our responsibility is to express an opinion on Southeastern Indiana Economic Opportunity Corporation'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 Southeastern Indiana Economic Opportunity Corporation'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 of Southeastern Indiana Economic Opportunity Corporation's compliance with those requirements.

In our opinion, Southeastern Indiana Economic Opportunity Corporation 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 December 31, 2008.

Internal Control Over Compliance

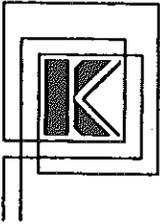
The management of Southeastern Indiana Economic Opportunity Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Southeastern Indiana Economic Opportunity Corporation's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and 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.

Kauffman & Associates, CPAs, LLC
Certified Public Accountants

Jasper, IN
July 21, 2009



Krueger & Associates, CPA's, LLC

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MANAGEMENT LETTER

July 21, 2009

To the Senior Management and
The Board of Directors of
Southeastern Indiana Economic Opportunity Corporation

In planning and performing our audit of the financial statements of Southeastern Indiana Economic Opportunity Corporation for the year ended December 31, 2008, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal control.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

We wish to thank the Executive Director, the fiscal officer and their departments for their support and assistance during our audit.

This report is intended solely for the information and the use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Krueger & Associates, CPA's, LLC
Certified Public Accountants

Jasper, IN