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October 7, 2011

Board of Directors
Community Action of Northeast Indiana, Inc.
227 E. Washington Blvd., P.O. Box 10570
Fort Wayne, IN 46853

We have reviewed the audit report prepared by Wipfli, LLP, Independent Public Accountants, for the period November 1, 2008 to October 31, 2009. 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 Community Action of Northeast Indiana, Inc., as of October 31, 2009, 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 findings in the report. Pages 29 through 31 contain two current audit findings and management's response. Pages 32 and 33 contain the status of one prior audit finding.

STATE BOARD OF ACCOUNTS

**Community Action of Northeast
Indiana, Inc.**

Fort Wayne, Indiana

Financial Statements and Additional Information
Year Ended October 31, 2009

Community Action of Northeast Indiana, Inc.

Financial Statements and Additional Information
Year Ended October 31, 2009

Table of Contents

Independent Auditor's Report.....	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6
Additional Information	
Schedule of Program Activity.....	16
Schedule of Expenditures of Federal Awards	22
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 <i>Government Auditing Standards</i>	24
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	26
Schedule of Findings and Questioned Costs.....	28



Independent Auditor's Report

Board of Directors
Community Action of Northeast Indiana, Inc.
Fort Wayne, Indiana

We have audited the accompanying statement of financial position of Community Action of Northeast Indiana, Inc. as of October 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Community Action of Northeast Indiana, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Community Action of Northeast Indiana, Inc. at October 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2010, on our consideration of Community Action of Northeast Indiana, Inc.'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 audit was made for the purpose of forming an opinion on the basic financial statements of Community Action of Northeast Indiana, Inc. taken as a whole. The additional information appearing on pages 16 through 23 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes 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 presented in all material respects in relation to the basic financial statements taken as a whole.

Wipfli, LLP

Wipfli LLP

April 20, 2010
Madison, Wisconsin

Community Action of Northeast Indiana, Inc.

Statement of Financial Position

October 31, 2009

<i>Assets</i>	
Current assets:	
Cash and cash equivalents	\$ 731,987
IDA fund cash	70,576
Grants receivable	1,841,414
Other assets	10,181
Prepaid expenses	230,685
Total current assets	2,884,843
Other assets:	
Interest in investment held by a community foundation	10,495
Investments	369,882
Total other assets	380,377
Property and equipment - net	2,356,454
TOTAL ASSETS	\$ 5,621,674
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of note payable	\$ 23,247
Accounts payable	1,530,560
Accrued payroll and related expenses	215,976
Accrued vacation	281,384
Grant funds received in advance	345,279
IDA fund liability	70,576
Total current liabilities	2,467,022
Note payable - long-term	269,476
Total liabilities	2,736,498
Unrestricted net assets:	
Unrestricted	2,874,681
Unrestricted - Board designated	10,495
Total unrestricted net assets	2,885,176
TOTAL LIABILITIES AND NET ASSETS	\$ 5,621,674

See accompanying notes to financial statements.

Community Action of Northeast Indiana, Inc.

Statement of Activities Year Ended October 31, 2009

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant revenue	\$ 17,058,464	\$ 0	\$17,058,464
Program income	118,006	0	118,006
Donations	16,386	0	16,386
Investment income	130,185	0	130,185
Other income	81,226	0	81,226
In-kind contributions	1,184,363	0	1,184,363
Net assets released from restriction	5,000	(5,000)	0
Total revenue	18,593,630	(5,000)	18,588,630
Expenses:			
Program Activities			
Child care development	501,825	0	501,825
Child education	6,247,316	0	6,247,316
Housing	740,186	0	740,186
Emergency services	13,630	0	13,630
Linkages with other programs	477,186	0	477,186
Self-sufficiency	1,457,742	0	1,457,742
Nutrition	257,187	0	257,187
Agency operations	37,407	0	37,407
Weatherization and energy	8,036,643	0	8,036,643
Total program activities	17,769,122	0	17,769,122
Management and general	688,509	0	688,509
Fund-raising	12,865	0	12,865
Total expenses	18,470,496	0	18,470,496
Change in net assets	123,134	(5,000)	118,134
Net assets - Beginning of year	2,762,042	5,000	2,767,042
Net assets - End of year	\$ 2,885,176	\$ 0	\$ 2,885,176

See accompanying notes to financial statements.

Community Action of Northeast Indiana, Inc.

Statement of Cash Flows Year Ended October 31, 2009

Increase (decrease) in:

Cash flows from operating activities:

Change in net assets \$ 118,134

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Net unrealized gain on investments (95,338)

Depreciation 146,809

Change in interest in investment held by a community foundation (495)

Changes in operating assets and liabilities:

Grants receivable 20,731

Other assets 10,376

Prepaid expenses (80,469)

Accounts payable 79,826

Accrued payroll and related expenses 14,624

Accrued vacation 226

Grant funds received in advance 146,576

Net cash provided by operating activities 361,000

Cash flows from investing activities:

Contribution to interest in investment held by a community foundation (10,000)

Capital expenditures (77,118)

Proceeds from sale of investments 108,000

Net cash provided by investing activities 20,882

Cash flows from financing activities:

Payments on note payable (48,723)

Net cash used in financing activities (48,723)

Change in cash and cash equivalents 333,159

Cash and cash equivalents - Beginning of year 398,828

Cash and cash equivalents - End of year 731,987

Supplemental schedule of noncash investing and financing activities:

Decrease in restricted cash for IDA program \$ 21,994

Interest paid and expensed 20,033

See accompanying notes to financial statements.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Nature of Activities

Community Action of Northeast Indiana, Inc. (CANI) was organized as a nonprofit corporation in 1965. CANI was formed to develop and provide resources for the purpose of assisting low-income individuals in six counties of northeast Indiana through a variety of programs. CANI is primarily supported through federal and state government grants. Approximately 30% of CANI's grant revenue was provided under a Head Start grant and 45% provided under a LIHEAP grant, both funded by the Department of Health and Human Services.

Basis of Presentation

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

Classification of Net Assets

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

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of CANI and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Currently, CANI does not have temporarily restricted net assets.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by CANI. Generally, the donors of these assets permit CANI to use all or part of the income earned on any related investments for general or specific purposes. Currently, CANI does not have permanently restricted net assets.

Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise to give to CANI. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor 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. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as released from restrictions.

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

Program contributions represent amounts contributed by program beneficiaries. The contributions are to help defray the cost of the specific program in which the beneficiary received assistance. The contributions are recorded as temporarily restricted revenue due to the implied stipulations that the contributions be used in the program the beneficiary received assistance. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as released from restrictions.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards that are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expense or asset acquisition is incurred. Amounts received in excess of expense or assets acquisition is reflected as grant funds received in advance.

B. Grant Awards that are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Cash and Cash Equivalents

CANI considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited or restricted. Cash and cash equivalents are stated at cost, which approximates fair value.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Investments

Investments in marketable securities with readily determinable market values and all investments in debt securities are reported at their fair values on the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in unrestricted revenue unless the income or loss is restricted by donor or law.

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Property and equipment are items with a cost of \$5,000 or more and a useful life of more than one year. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. If there are no donor restrictions regarding how long a donated asset must be maintained, CANI reports expirations of donor restrictions when the donated assets are placed in service. Estimated useful lives range from three to seven years for vehicles and major movable equipment and from 30 to 40 years for land improvements, buildings, and fixed equipment. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

Property and equipment acquired with grant funds are owned by CANI while used in the programs for which it was purchased or in other future authorized programs. However, the funding source has a reversionary interest in assets purchased with grant funds. Their disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations. The book value of grant-funded property and equipment was \$786,612 at October 31, 2009.

Income Taxes

CANI is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. CANI is also exempt from Indiana income taxes.

In-Kind Contributions

CANI has recorded in-kind contributions for space and professional services in the statement of activities in accordance with a financial accounting standard. This standard requires that only contributions of services received that create or enhance a non-financial 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 this standard are different than the in-kind requirements of several of CANI's grant awards. CANI received contributions of nonprofessional volunteers during the year with a value of \$623,013, for its Head Start program, which are not recorded in the statement of activities.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Allocation of Functional Expenses

CANI utilizes various cost allocation formulas to distribute certain direct and indirect cost to its programs. Costs, which are common to more than one program, have been identified and classified into cost pools. These cost pools have been allocated to the programs based on formulas developed by CANI for each pool which approximate the benefits each program derives from the costs.

New Accounting Pronouncements

Effective November 1, 2008, CANI adopted a new financial accounting standard relating to *Fair Value Measurements*. The standard clarifies how organizations are required to use a fair value measure for recognition and disclosure by establishing a common definition of fair value, creating a framework for measuring fair value, and expanding disclosures about fair value measurements. The standard also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The adoption of this new standard did not have a material impact on CANI's results of operations or financial position.

In addition, CANI was required to adopt another accounting pronouncement which clarifies the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The new accounting pronouncement also requires additional disclosures to enable users of the financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of an organization's endowment funds, both donor-restricted and Board-designated. The disclosures are required for each period presented and are included in Note 5 to the financial statements. The adoption of this new accounting pronouncement had no effect on CANI's total net assets or the net asset classifications.

Subsequent Events

Subsequent events have been evaluated through April 20, 2010, which is the date the financial statements were available to be issued.

Note 2 **Concentration of Credit Risk**

CANI maintains cash balances at one bank, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, the balance in this account may exceed the insurance limits. Management believes the financial institution has a strong credit rating and credit risk related to these deposits is minimal.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 3 Investments

Investments, stated at fair value, consisted of bonds in the amount of \$369,882 at October 31, 2009.

Investment Income

Investment income and losses on cash equivalents and investments consisted of the following at October 31, 2009:

Interest and dividends	\$ 34,847
Net unrealized gain	95,338
<hr/>	
Total investment gain	\$ 130,185

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Note 4 Interest in Investment Held by a Community Foundation

During the fiscal year, CANI transferred \$10,000 to the Community Foundation of Greater Fort Wayne, Inc. (the "Foundation"). CANI's agreement with the Foundation states that the Foundation will hold and invest the funds for the sole benefit of CANI and may distribute a portion of the fund earnings annually.

CANI has granted variance power to the Foundation. As such, the Board of Directors of the Foundation has the power to modify any restriction or condition on the distribution of the funds if, in their judgment, such restrictions become inconsistent with the charitable needs of CANI or inconsistent with the charitable needs served by the Foundation. The interest in investment held by a community foundation is shown on the statement of financial position as unrestricted board designated net assets as it was transferred to the Foundation by CANI who specified themselves as the beneficiary. Any changes in the fund are recorded as changes in unrestricted net assets on the statement of activities. A schedule of activity in the fund for the year ended October 31, 2009, is as follows:

Beginning balance	\$ 0
Contributions	10,000
Change in interest in investment held by community foundation	495
<hr/>	
Ending balance	\$ 10,495

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 5 Endowment

CANI's endowment consists of a fund established by the Board of Directors to benefit CANI for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed stipulations. Unrestricted - Board designated net assets represent the fair value of the original gift as of the gift date. The goal of the endowment fund is to attract legacy-type gifts from outside donors, which can be restricted based on the donor stipulations, at which time those donor-restricted gifts will be recorded as permanently restricted net assets in accordance with the stipulations of the fund.

CANI can receive up to 4% of the principal each year to be appropriated by the Board of Directors or the amount can remain in the endowment fund and reinvested. In addition, the Community Foundation of Greater Fort Wayne, Inc. (the "Foundation") in which the funds are held, will match 20% of the third-party contributions made during each year up to \$10,000. This match will be recorded as permanently restricted net assets. There were no third-party contributions nor matching contributions during the year ended October 31, 2009.

The asset allocation policy of the Foundation is to diversify investments to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category. The investment policies of the Foundation are to provide sufficient total return to support community activities of the Foundation, preserve principal in terms of its real purchasing power so the Foundation may serve the community over the long-term and to provide a long-term total return exceeding the rate of inflation plus 3.6 to 5 percent for grantmaking, plus the cost of investment management services and Foundation administrative services.

Interest, dividends, and net appreciation in fair value of endowment funds are classified as unrestricted net assets. Interest and dividends on donor-restricted endowment funds would be recorded as temporarily restricted net assets in accordance with UPMIFA and appropriated for distribution at the discretion of the Board of Directors.

Changes in endowment funds were as follows:

	Unrestricted - Board designated
Endowment at beginning of year	\$ 0
Contributions	10,000
Interest and dividends	41
Expenses	(53)
Net appreciation	507
Endowment at end of year	\$ 10,495

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 6 Fair Value Measurements

As discussed in Note 1, CANI adopted a new financial accounting standard relating to *Fair Value Measurements*, effective November 1, 2008. The standard did not materially affect CANI's financial position or net assets; however, additional disclosures are now required. This statement describes a fair value hierarchy that includes three levels of inputs to be used to measure fair value. In general, CANI determines fair values determined by Level 1 inputs utilizing quoted market prices in active markets, fair values determined by Level 2 inputs utilizing market information that is observable, such as quoted market prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves and fair values determined by Level 3 inputs in which little or no market data exists. CANI does not have any financial instruments valued using Level 1 or Level 3 inputs and does not have any assets or liabilities measured at fair value on a non-recurring basis.

Information regarding the fair value of assets measured at fair value on a recurring basis as of October 31, 2009, is as follows:

	Total Assets Measured at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 369,882	\$ 0	\$ 369,882	\$ 0
Interest in investment held by a community foundation	10,495	0	10,495	0
Totals	\$ 380,377	\$ 0	\$ 380,377	\$ 0

Note 7 Grants Receivable

Grants receivable consisted of the following at October 31, 2009:

Direct federal programs	\$ 220,806
Pass through federal and state programs	1,608,399
Other programs	12,209
Total	\$ 1,841,414

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 8 Property and Equipment

Property and equipment consisted of the following at October 31, 2009:

Land	\$ 243,413
Building and improvements	2,329,626
Equipment	198,010
Vehicles	408,637
<hr/>	
Total property and equipment	3,179,686
Less - Accumulated depreciation	823,232
<hr/>	
Property and equipment - net	2,356,454

Note 9 Individual Development Accounts

CANI administers an Individual Development Account (IDA) program. Low-income, eligible participants accumulate savings in a joint account in their name and CANI's name. Upon approval by CANI, these amounts are matched 1.5:1 by the Assets for Independence Program, which has a federal designation and flows through the Indiana Department of Commerce. The participant savings amount is also matched 2.5:1 with state funds from the Indiana Department of Commerce. Both funding streams match up to \$400 of the participant's savings. Participants can use the funds for the following purposes:

- Purchase of a home
- Starting a business
- Post-secondary education

Match funds are deposited in the joint account directly by the funding source and are not recorded as revenue or expense on CANI's general ledger as they are treated as a fiscal agent. To access the funds, the participant needs authorization from CANI. The balance of match funds in these accounts as of October 31, 2009, was \$70,576. This is recorded as IDA fund cash and IDA Fund liability on the statement of financial position.

Note 10 Line of Credit

CANI has an unsecured line of credit for \$100,000 with National City Bank. This line of credit has a variable interest rate of 1% over the bank's index rate (which is equal to the prime rate, and was 3.25% as of October 31, 2009) and no stated maturity date. There was no outstanding balance at October 31, 2009.

In December, 2009, CANI increased the line of credit with National City Bank to \$500,000.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 11 Note Payable

Note payable to National City Bank of Indiana, collateralized by land and building, payable in monthly installments of \$3,251, including principal and interest at 5.59%, with the final payment due November 2019. \$ 292,723

Less – Current maturities 23,247

Long-term note payable \$ 269,476

Scheduled principal payments on long-term debt at October 31, 2009, including current maturities, are summarized as follows:

2010	\$ 23,247
2011	24,581
2012	25,990
2013	27,481
2014	29,057
Thereafter	162,367
<u>Total</u>	<u>\$ 292,723</u>

Note 12 Retirement Plan

CANI has a defined contribution plan under Section 403(b) of the Internal Revenue Code. Employees are eligible to participate in the plan upon hire. Employees are eligible for employer match after they have been employed by CANI for one year and are at least 21 years of age. Employees are fully vested after five years of service. Contributions to the plan are at the discretion of CANI. CANI's contribution for the year ended October 31, 2009, was \$132,988.

Note 13 Operating Leases

CANI leases various facilities and equipment for the operation of its programs. The operating lease payments for the year ended October 31, 2009, were \$446,610.

Minimum future rental payments under these lease agreements consisted of the following at October 31, 2009:

2010	\$ 410,118
2011	370,186
2012	350,790
2013	323,636
2014	311,803
Thereafter	360,170
<u>Total</u>	<u>\$ 2,126,703</u>

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 14

Grant Awards

At October 31, 2009, CANI had commitments under various grants of approximately \$12,620,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Additional Information

Community Action of Northeast Indiana, Inc.

Schedule A-1
 Schedule of Program Activity
 Year Ended October 31, 2009

	FEDERAL PROGRAMS								DHS		
	USDA	Department of Housing and Urban Development	Department of Energy	Department of Energy	Homeless	Section 8	Weatherization	Home		81.042	TANF
	10,558	14,239	14,238	14,257	14,871	81,042	81,042	81,042	81,042	81,042	93,558
	Child and Adult Care Food Program (1)	HCD Home Repair (2)	Shelter Plus Care (3)	Prevention Rapid Rehousing ARRA (4)	Housing Choice Vouchers (5)	Weatherization Assistance Program (6)	Home Energy Conservation ARRA (7)	81.042 Subtotal	TANF Healthy Families (8)		
REVENUE											
Grant revenue	\$ 17,063,370	\$ 0	\$ 198,937	\$ 880	\$ 767,969	\$ 582,175	\$ 15,389	\$ 597,564	\$ 935,018		
Grant repayments	(4,906)	(4,906)	0	0	0	0	0	0	0		
Program income	118,006	0	0	0	0	0	0	0	0		
Donations	16,386	0	0	0	0	0	0	0	1,000		
Investment income	130,185	0	0	17	0	0	0	0	0		
Other income	81,226	0	0	0	0	0	0	0	0		
In-kind contributions	1,184,363	0	0	0	0	0	0	0	0		
Total Revenue	18,588,630	(4,906)	198,937	887	767,969	582,175	15,389	597,564	935,018		
EXPENSES											
Personnel	5,510,536	184	16,336	518	63,912	143,014	14,183	157,197	686,268		
Consultants and contract labor	1,128,543	570	430	0	1,885	74,345	0	74,345	4,465		
Travel	184,583	130	399	184	2,599	7,722	0	7,722	28,363		
Occupancy	680,564	2,971	372	0	3,549	17,762	0	17,762	28,479		
Depreciation	146,809	0	0	0	0	0	0	0	0		
Minor equipment	0	31	0	0	0	551	0	551	0		
Client assistance	7,230,283	41	178,940	0	679,140	116,918	0	116,918	2,067		
Materials and supplies	748,659	273	0	0	2,774	161,425	0	161,425	7,202		
Telephone and postage	107,494	130	334	0	1,695	3,434	0	3,434	16,458		
Interest	20,033	0	0	0	0	0	0	0	0		
Other	121,555	1,309	191	0	1,150	6,850	0	6,850	11,337		
Shared costs	1,407,074	2,313	5,520	195	11,265	62,544	1,206	63,750	150,379		
Transfers	0	(12,858)	(3,585)	0	0	(12,390)	0	(12,390)	0		
In-kind expenses	1,184,363	0	0	0	0	0	0	0	0		
Total Expenses	18,470,496	(4,906)	198,937	897	767,969	582,175	15,389	597,564	935,018		
Change in Net Assets	118,134	0	0	0	0	0	0	0	1,000		
Net assets - Beginning of year	2,767,042	0	0	0	0	0	0	0	193		
NET ASSETS - End of year	\$ 2,885,176	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,193		

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc.

Schedule A-2
 Schedule of Program Activity
 Year Ended October 31, 2009

	FEDERAL PROGRAMS							Cluster 93.600 and 93.708 Subtotal
	Department of Health and Human Services (DHHS)							
	93.568	93.569	93.596	93.600	93.708			
	Low-Income Home Energy Assistance (9)	Weatherization Assistance SWEEP (10)	Low-Income Home Energy Assistance (11)	93.568 Subtotal	Community Services Block Grant (12)	Child Care Development Fund (13)	Head Start Program 05CH4038/43 (14)	Head Start Program 05SE4038/01 (15)
REVENUE								
Grant revenue	\$ 914,085	\$ 37,519	\$ 6,782,854	\$ 7,734,458	\$ 495,676	\$ 521,270	\$ 5,093,711	\$ 52,232
Grant repayments	0	0	0	0	0	0	0	0
Program income	0	0	0	0	0	0	118,006	0
Donations	0	0	0	0	0	0	0	0
Investment income	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	15,357	0
In-kind contributions	0	0	0	0	0	0	1,807,376	0
Total Revenue	914,085	37,519	6,782,854	7,734,458	495,676	521,270	7,034,450	52,232
EXPENSES								
Personnel	321,872	15,440	482,292	819,604	(211)	259,648	3,191,838	6,148
Consultants and contract labor	100,215	6,409	17,707	124,331	14,586	3,015	797,914	28,989
Travel	8,712	389	10,925	20,026	9,472	4,576	85,436	0
Occupancy	13,942	1,094	42,948	57,984	12	50,421	525,583	7,543
Depreciation	0	0	0	0	0	0	0	0
Minor equipment	42,554	62	21,202	63,818	0	1,443	11,275	0
Client assistance	32	3	5,915,476	5,915,511	2,018	370	34,689	0
Materials and supplies	244,758	11,041	24,617	280,416	1,130	19,225	138,651	9,016
Telephone and postage	3,241	278	22,445	25,964	306	22,979	26,181	0
Interest	0	0	0	0	0	0	20,033	0
Other	6,412	406	5,560	12,378	22,222	5,779	39,989	0
Shared costs	179,665	7,015	248,459	435,139	140,478	164,356	367,101	536
Transfers	(7,318)	(4,618)	(8,777)	(20,713)	305,663	(10,542)	(11,616)	0
In-kind expenses	0	0	0	0	0	0	1,807,376	0
Total Expenses	914,085	37,519	6,782,854	7,734,458	495,676	521,270	7,034,450	52,232
Change in Net Assets	0	0	0	0	0	0	0	0
Net assets - Beginning of year	0	0	0	0	0	0	0	0
NET ASSETS - End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc.

Schedule A-3
 Schedule of Program Activity
 Year Ended October 31, 2009

	FEDERAL PROGRAMS					STATE AND LOCAL PROGRAMS								
	Department of Homeland Security					Total Federal Funds	Family Development (19)	Family Support UW (20)	Family Development UW (21)					
	Assets for Independence Program (16)	EFSP Phase 26 (17)	EFSP Phase 27 (18)	97.024 Subtotal	DHHS 93.602									
	\$	5,169	\$	10,626	\$	3,532	\$	14,158	\$	0	\$	32,383	\$	47,245
REVENUE														
Grant revenue		0		0		0		0		0		0		0
Grant repayments		0		0		0		0		0		0		0
Program income		0		0		0		0		0		0		0
Donations		0		0		0		1,290		1,290		0		0
Investment income		0		0		0		17		17		0		0
Other income		0		0		0		15,357		15,357		0		0
In-kind contributions		0		0		0		1,807,376		1,807,376		0		0
Total Revenue		5,169		10,626		3,532		14,158		1,290		32,383		47,245
EXPENSES														
Personnel		2,272		0		0		0		82,609		29,619		41,583
Consultants and contract labor		296		71		0		71		861		0		0
Travel		1,039		0		0		0		6,111		0		563
Occupancy		0		0		0		0		21,095		0		0
Depreciation		0		0		0		0		0		0		0
Minor equipment		0		0		0		0		0		0		0
Client assistance		276		10,852		3,532		14,384		250		0		0
Materials and supplies		24		5		0		5		6,174		6		0
Telephone and postage		151		5		0		5		5,798		0		2
Interest		0		0		0		0		0		0		0
Other		0		55		0		55		3,359		0		2
Shared costs		1,111		391		0		391		22,332		2,770		5,095
Transfers		0		(753)		0		(753)		(147,299)		0		0
In-kind expenses		0		0		0		0		0		0		0
Total Expenses		5,169		10,626		3,532		14,158		1,290		32,383		47,245
Change in Net Assets		0		0		0		0		1,000		0		0
Net assets - Beginning of year		0		154		0		154		347		0		0
NET ASSETS - End of year		0		154		0		154		1,347		0		0

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc.

Schedule A-4
 Schedule of Program Activity
 Year Ended October 31, 2009

STATE AND LOCAL PROGRAMS

	Wells Fargo Home Improvement (22)	NIPSCO Weatherization (23)	Furnace for Low-Income Individuals (24)	Winter Warmth (25)	Head Start Assistance (26)	CSBG Community Action Program (27)	Gold Star Program (28)	Transportation (29)	Utilities Programs (30)
REVENUE									
Grant revenue	\$ 2,396	\$ 1,508	\$ 10,311	\$ 9,108	\$ 5,207	\$ 1,956	\$ 27,768	\$ 0	\$ 380
Grant repayments	0	0	0	0	0	0	0	0	0
Program income	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0	0
Investment income	0	0	0	0	0	0	0	0	0
Other income	817	0	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0	0	0
Total Revenue	3,213	1,508	10,311	9,108	5,207	1,956	27,768	0	380
EXPENSES									
Personnel	0	17	0	9,220	0	0	24,643	0	0
Consultants and contract labor	0	6	2,920	0	3,428	0	0	0	0
Travel	0	237	0	0	0	0	2,553	0	0
Occupancy	0	91	0	0	0	12	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0
Minor equipment	0	0	0	0	0	0	0	0	0
Client assistance	3,213	0	0	0	0	9,475	0	0	994
Materials and supplies	0	25	6,634	0	0	0	28	0	0
Telephone and postage	0	56	0	0	0	472	0	0	0
Interest	0	0	0	0	0	0	0	0	0
Other	0	190	69	(414)	1,779	54	0	0	0
Shared costs	0	886	688	302	0	0	544	0	150
Transfers	0	0	0	0	0	(8,057)	0	0	(764)
In-kind expenses	0	0	0	0	0	0	0	0	0
Total Expenses	3,213	1,508	10,311	9,108	5,207	1,956	27,768	0	380
Change in Net Assets	0	0	0	0	0	0	0	0	0
Net assets - Beginning of year	0	0	0	0	0	0	0	2,953	0
NET ASSETS - End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,953	\$ 0

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc.

Schedule A-5
 Schedule of Program Activity
 Year Ended October 31, 2009

STATE AND LOCAL PROGRAMS

	Deeds of Compassion (31)	Grandparent Resource (32)	Central Site Program (33)	Head Start Other (34)	Hanna Creighton Building Fund (35)	Covering Kids and Families of Indiana (36)	I&M Weatherization Solutions (37)	NIPSCO Home Energy Solutions (38)	NIPSCO Family Development (39)
REVENUE									
Grant revenue	\$ 0	\$ 0	\$ 1,021	\$ 10,500	\$ 0	\$ 78,979	\$ 0	\$ 129,228	\$ 10,912
Grant repayments	0	0	0	0	0	0	0	0	0
Program income	0	0	0	0	0	0	0	0	0
Donations	0	0	2,850	278	0	0	0	0	0
Investment income	0	0	0	0	0	0	0	0	0
Other income	2,000	387	0	128	0	0	21,422	0	0
In-kind contributions	0	0	0	0	0	0	0	0	0
Total Revenue	2,000	387	3,871	10,906	0	78,979	21,422	129,228	10,912

EXPENSES									
Personnel	0	0	311	0	0	59,626	4,931	2,745	8,689
Consultants and contract labor	0	0	0	(365)	0	6,534	3,550	41,998	0
Travel	0	0	5	6,887	0	2,228	0	61	94
Occupancy	0	0	33	1,000	(48,723)	5,827	0	0	0
Depreciation	0	0	0	0	76,321	0	0	0	0
Minor equipment	0	0	0	0	0	0	0	0	0
Client assistance	2,000	0	0	133	0	1,871	0	0	0
Materials and supplies	0	387	181	(1,575)	0	8,547	11,765	81,767	0
Telephone and postage	0	0	(8)	0	0	3,531	0	0	0
Interest	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	165	0	0	20
Shared costs	0	0	499	0	0	12,771	1,176	2,657	4,600
Transfers	0	0	0	0	0	(22,121)	0	0	(2,491)
In-kind expenses	0	0	0	0	0	0	0	0	0
Total Expenses	2,000	387	1,021	6,080	27,598	78,979	21,422	129,228	10,912

Change in Net Assets	0	0	2,850	4,826	(27,598)	0	0	0	0
Net assets - Beginning of year	0	0	3,300	7,670	1,876,189	0	0	0	0
NET ASSETS - End of year	\$ 0	\$ 0	\$ 6,150	\$ 12,496	\$ 1,848,591	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc.

Schedule A-6
 Schedule of Program Activity
 Year Ended October 31, 2009

	STATE AND LOCAL PROGRAMS				OTHER PROGRAM			DISCRETIONARY	
	Asset Development (40)	The PACT (41)	Total State and Local Activity	GAAP Adjustments (42)	Total Program Activity	Agency Fund-raising (43)	Agency Operations (44)	Total Discretionary Activity	
REVENUE									
Grant revenue	\$ 0	\$ 0	\$ 368,902	\$ 0	\$ 17,053,096	\$ 0	\$ 10,274	\$ 10,274	
Grant repayments	0	0	0	0	(4,906)	0	0	0	
Program income	0	0	0	0	118,006	0	0	0	
Donations	0	0	4,418	0	5,418	9,695	1,273	10,968	
Investment income	0	0	0	0	17	0	130,168	130,168	
Other income	0	6,500	31,254	0	46,611	20,115	14,500	34,615	
In-kind contributions	0	0	0	(623,013)	1,184,363	0	0	0	
Total Revenue	0	6,500	404,574	(623,013)	18,402,605	29,810	156,215	186,025	
EXPENSES									
Personnel	42,686	0	306,679	0	5,510,393	143	0	143	
Consultants and contract labor	2,282	0	61,214	0	1,112,111	0	16,432	16,432	
Travel	1,412	4,423	24,574	0	184,520	63	0	63	
Occupancy	0	6,553	(14,112)	0	680,564	0	0	0	
Depreciation	0	0	76,321	69,155	145,476	0	1,333	1,333	
Minor equipment	0	0	0	(77,118)	0	0	0	0	
Client assistance	18	0	17,954	0	7,229,460	793	30	823	
Materials and supplies	877	5	114,809	0	734,950	4,922	8,787	13,709	
Telephone and postage	16	0	9,867	0	107,504	(10)	0	(10)	
Interest	0	0	0	0	20,033	0	0	0	
Other	769	730	6,723	0	107,983	5,640	7,932	13,572	
Shared costs	968	0	55,438	0	1,397,972	1,314	7,788	9,102	
Transfers	(49,028)	0	(229,760)	0	3,446	0	(3,446)	(3,446)	
In-kind expenses	0	0	0	(623,013)	1,184,363	0	0	0	
Total Expenses	0	11,711	429,707	(630,976)	18,418,775	12,865	38,856	51,721	
Change in Net Assets	0	(5,211)	(25,133)	7,963	(16,170)	16,945	117,359	134,304	
Net assets - Beginning of year	0	5,211	1,895,323	177,110	2,072,780	66	694,196	694,262	
NET ASSETS - End of year	\$ 0	\$ 0	\$ 1,870,190	\$ 185,073	\$ 2,056,610	\$ 17,011	\$ 811,555	\$ 828,566	

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc.

Schedule B-1

Schedule of Expenditures of Federal Awards

Year Ended October 31, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed-Through Indiana Department of Education</u>			
(1) Child and Adult Care Food Program	10.558	1020006	<u>\$ 267,152</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<u>Passed-Through Indiana Housing and Community Development Authority</u>			
(2) HOME Investment Partnerships Program - OOR	14.239	OR-007-007	<u>0</u>
<u>Passed-Through Indiana Housing and Community Development Authority</u>			
(3) Shelter Plus Care	14.238	SC-008-003	<u>198,937</u>
<u>Passed-Through Indiana Housing and Community Development Authority</u>			
(4) Homeless Prevention Rapid Rehousing - ARRA	14.257-ARRA	HPRP 009-010	<u>880</u>
<u>Passed-Through Indiana Housing and Community Development Authority</u>			
(5) Lower Income Housing Assistance Program - Section 8 Housing Choice Vouchers	14.871	SH-008-009	<u>767,969</u>
U.S. DEPARTMENT OF ENERGY			
<u>Passed-Through Indiana Housing and Community Development Authority</u>			
(6) Weatherization Assistance for Low-Income Persons	81.042	WX-007-007-002 WX-009-007	214,226 <u>367,949</u>
Subtotal CFDA #81.042			<u>582,175</u>
(7) Home Energy Conservation - ARRA		HEC 009-004	<u>15,389</u>
Total CFDA #81.042 and #81.042-ARRA		81.042-ARRA	<u>597,564</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed-Through Community Alliance for Healthy Families</u>			
(8) Temporary Assistance for Needy Families	93.558	N/A	<u>935,018</u>
<u>Passed-Through Indiana Housing and Community Development Authority</u>			
(9) Low-Income Home Energy Assistance	93.568	WL-008-007 / WL-010-007	914,085
(10) Weatherization Assistance - SWEEP		WL-008-007	37,519
(11) Low-Income Home Energy Assistance		LI-009-007	<u>6,782,854</u>
Total CFDA #93.568			<u>7,734,458</u>
<u>Passed-Through Indiana Housing and Community Development Authority</u>			
(12) Community Services Block Grant	93.569	CS-007-007-02 CS-010-007	72,043 <u>423,633</u>
Total CFDA #93.569			<u>495,676</u>
<u>Passed-Through Indiana Family and Social Services Administration</u>			
(13) Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	F1-6-02-06-34-1671	<u>521,270</u>

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc.

Schedule B-2
 Schedule of Expenditures of Federal Awards
 Year Ended October 31, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
<u>Direct Grant</u>			
(14) Head Start (including \$606,131 of delegated expenses)	93.600	05CH4038/43	<u>5,093,711</u>
<u>Direct Grant</u>			
(15) Head Start - ARRA	93.708-ARRA	05SE4038/01	<u>52,232</u>
Total Cluster CFDA #93.600 and #93.708			<u>5,145,943</u>
<u>Passed-Through Indiana Department of Commerce</u>			
(16) Assets for Independence Demonstration Program	93.602	N/A	<u>5,169</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<u>Passed-Through Emergency Food and Shelter National Board</u>			
(17) Emergency Food and Shelter National Board Program	97.024	Phase 26	10,626
(18) Emergency Food and Shelter National Board Program		Phase 27	<u>3,532</u>
Total CFDA #97.024			<u>14,158</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 16,684,194</u>

Note to Schedule of Expenditures of Federal Awards

This schedule includes the federal grant activity of Community Action of Northeast Indiana, Inc. 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.



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
Community Action of Northeast Indiana, Inc.
Fort Wayne, Indiana

We have audited the financial statements of Community Action of Northeast Indiana, Inc. as of and for the year ended October 31, 2009, and have issued our report thereon dated April 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Community Action of Northeast Indiana, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Community Action of Northeast Indiana, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Community Action of Northeast Indiana, Inc.'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 Community Action of Northeast Indiana, Inc.'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 Community Action of Northeast Indiana, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

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 of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

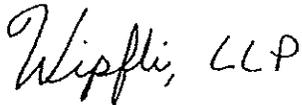
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify 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 Community Action of Northeast Indiana, 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 Community Action of Northeast Indiana, Inc. in a separate letter dated April 20, 2010.

This report is intended solely for the information and use of management, the Board of Directors, others within Community Action of Northeast Indiana, Inc., 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.



Wipfli LLP

April 20, 2010
Madison, Wisconsin



Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Directors
Community Action of Northeast Indiana, Inc.
Fort Wayne, Indiana

Compliance

We have audited the compliance of Community Action of Northeast Indiana, Inc. (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 October 31, 2009. Community Action of Northeast Indiana, 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 Community Action of Northeast Indiana, Inc.'s management. Our responsibility is to express an opinion on Community Action of Northeast Indiana, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 Community Action of Northeast Indiana, 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 Community Action of Northeast Indiana, Inc.'s compliance with those requirements.

In our opinion, Community Action of Northeast Indiana, 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, 2009.

Internal Control Over Compliance

The management of Community Action of Northeast Indiana, 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 Community Action of Northeast Indiana, 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 Community Action of Northeast Indiana, Inc.'s internal control over compliance.

Our consideration of 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an organization'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 organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 103109-01 and 103109-02 to be significant deficiencies in internal control over compliance.

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

Community Action of Northeast Indiana, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Community Action of Northeast Indiana, Inc.'s responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Directors, others within Community Action of Northeast Indiana, Inc., 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.



Wipfli LLP

April 20, 2010
Madison, Wisconsin

Community Action of Northeast Indiana, Inc.

Schedule of Findings and Questioned Costs

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? No
 Significant deficiency(ies) identified not considered to be a material weakness? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? No
 Significant deficiency(ies) identified not considered to be a material weakness? Yes

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
81.042	Weatherization Assistance for Low-Income Persons
81.042 - ARRA	ARRA - Weatherization Assistance for Low-Income Persons
93.568	Low-Income Housing Energy Assistance Program
93.569	Community Services Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.600	Head Start
93.708 - ARRA	ARRA - Head Start

Dollar threshold used to distinguish between Type A and Type B Programs \$500,526

Auditee qualified as low-risk auditee? No

Community Action of Northeast Indiana, Inc.

Schedule of Findings and Questioned Costs

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

DEPARTMENT OF ENERGY WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS –
CFDA #81.042 AND ARRA - WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS -
CFDA #81.042-ARRA

GRANT #: WX-007-007-02

GRANT PERIOD: APRIL 1, 2008 THROUGH MARCH 30, 2009

GRANT #: WX-009-007

GRANT PERIOD: APRIL 1, 2009 THROUGH MARCH 30, 2010

GRANT #: HEC-009-004

GRANT PERIOD: JUNE 10, 2009 THROUGH MAY 31, 2010

QUESTIONED COSTS: None

FINDING:

FILE DOCUMENTATION (103109-01)

Condition

During the audit, there was evidence that the internal control systems in place related to the Weatherization Assistance for Low-Income Persons Program (Weatherization) failed to provide reasonable assurance that Community Action of Northeast Indiana, Inc. is managing the program in compliance with the provisions of its internal policies. CANI's policies specify that ownership will be verified before serving an eligible participant. We noted that 4 out of 27 files selected for testing did not contain proof of ownership. While this is not a specific eligibility requirement of the program, we consider this to be a significant deficiency in internal control as CANI was not adhering to its internal policies and procedures.

Criteria

OMB Circular A-110 specifies that organizations must provide adequate safeguarding of assets, which includes implementing policies and procedures for strong internal controls.

Effect

The deficiency in internal controls over file documentation has resulted in a breakdown of CANI providing adequate safeguarding of assets.

Community Action of Northeast Indiana, Inc.

Schedule of Findings and Questioned Costs

Section III – Federal Award Findings and Questioned Costs (Continued)

Recommendation

We recommend that Community Action of Northeast Indiana, Inc. review existing controls to determine the cause for the deficiency. Management should determine if the weaknesses were due to personnel or ineffective internal control systems and management should make modifications to personnel and existing controls as necessary to ensure compliance with CANI's internal policies and procedures.

Auditee's Response to the Current Year Finding

During our internal investigation, we found that there is staff confusion at all levels, regarding appropriate home ownership documentation and when it is required. For example, when a home is being purchased on contract, is that home ownership or rental? Some staff treated it as one or the other. We have decided to make our policy follow Department of Energy (DOE) guidelines which state that we only need to verify home ownership when we are weatherizing a rental property. We will also treat any home being purchased on contract as rental property. What the audit showed us is that we were not following our own internal policies. Since our internal policies were more stringent than necessary, we are changing them to the more relaxed policy advocated by DOE.

Community Action of Northeast Indiana, Inc.

Schedule of Findings and Questioned Costs

Section III – Federal Award Findings and Questioned Costs

DEPARTMENT OF HEALTH AND HUMAN SERVICES ARRA - HEAD START - CFDA #93.708

GRANT #: 05SE4038/01

GRANT PERIOD: JULY 1, 2009 THROUGH SEPTEMBER 30, 2010

QUESTIONED COSTS: None

FINDING:

DELEGATE MONITORING (103109-02)

Condition

During the audit, there was evidence that Community Action of Northeast Indiana, Inc., a direct recipient of federal ARRA funding, failed to notify its Head Start delegate, considered a first-tier subrecipient, that they were required to register in the Central Contractor Registration. This registration includes obtaining a Dun and Bradstreet Data Universal Numbering System (DUNS) number. CANI also did not obtain this information and maintain in its delegate files.

Criteria

2 CFR part 176.50 states that recipients and their first-tier subrecipients must maintain current registrations in the Central Contractor Registration.

Effect

The deficiency indicates that CANI is not properly monitoring its delegate in accordance with the code of federal regulations and section 1512 reporting requirements under the American Recovery and Reinvestment Act.

Recommendation

We recommend that Community Action of Northeast Indiana, Inc. monitor the delegate receiving the ARRA funding to ensure that the delegate is in compliance with the Code of Federal Regulations and ARRA reporting requirements.

Auditee's Response to the Current Year Finding

Community Action of Northeast Indiana, Inc. requested that the delegate, East Wayne Street, request a CCR number. At this date, East Wayne Street has confirmation that their request has been received and will be acted upon.

Community Action of Northeast Indiana, Inc. gets a quarterly report from East Wayne Street on the expenditure of the ARRA funds awarded them.

Community Action of Northeast Indiana, Inc.

Schedule of Findings and Questioned Costs

Section IV – Status of Prior Year Finding

DEPARTMENT OF HEALTH AND HUMAN SERVICES LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM – CFDA #93.568

GRANT #: LI-007-007

GRANT PERIOD: OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008

QUESTIONED COSTS: \$1,344

FINDING:

FILE DOCUMENTATION AND ELIGIBILITY (103108-01)

Condition

During the audit, there was evidence that the internal control systems in place related to the Low Income Home Energy Assistance Program (LIHEAP) failed to provide reasonable assurance that Community Action of Northeast Indiana, Inc. is managing the program in compliance with the provisions of the grant agreement. Specifically, we noted that 5 out of 59 files selected for testing were not located. This indicates there is a material weakness in internal control over file documentation and the inability to support eligibility determinations in accordance with program guidelines.

Criteria

OMB Circular A-133, Subpart C Sec. 300 (b), requires that ... the grant recipient shall maintain internal control over federal programs that provides reasonable assurance that the auditee in managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Effect

The non-compliance has resulted in benefits being paid to potentially ineligible participants, which resulted in unallowable costs.

Recommendation

We recommend that Community Action of Northeast Indiana, Inc. review existing controls to determine the cause for the material breakdowns. Management should determine if the weaknesses were due to personnel or ineffective internal control systems. Management should make modifications to personnel and existing controls as necessary to ensure compliance with the grant requirements.

Community Action of Northeast Indiana, Inc.

Schedule of Findings and Questioned Costs (Continued)

Section IV – Federal Award Findings and Questioned Costs (Continued)

Auditee's Response to the Prior Year Finding

After learning of the internal control weakness, Community Action of Northeast Indiana, Inc. took immediate steps to fix the situation. The weakness occurred because there was no reconciliation between the program database, which is controlled by the State and is through which vendors are paid by the program, and our hard copy files. Community Action of Northeast Indiana, Inc.'s files are audited annually by multiple sources, and missing files have never been discovered before. Nevertheless, based on this finding Community Action of Northeast Indiana, Inc. has created a new system to ensure that no hard copy files will be missing again.

Community Action of Northeast Indiana, Inc. has moved what was a part-time position to a full-time position within the agency. The added responsibility of this position will be, on a daily basis, to verify that each application entered into the statewide database has a hard copy file. This person will then sign off on the documentation and send it to the Energy Programs Coordinator who will then verify that all the documentation is correct. This person will sign off on the documentation, and forward the files to clerical to be filed in our file room. Clerical will be the last to sign off on the files, and access to the file room is restricted to only clerical staff. In this manner Community Action of Northeast Indiana, Inc. will ensure that all of our hard copy requirements are present and that we have an accountability trail as well.

Resolution of Prior Year Finding

Wipfli tested participant files from Low Income Home Energy Assistance Program (LIHEAP) during the current year. All files selected for testing were located and eligibility was properly determined in these files. This finding is considered resolved.