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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

January 29, 2014

Board of Directors  
Aging and In-Home Services of  
Northeast Indiana, Inc. and Affiliate  
2927 Lake Ave.  
Fort Wayne, IN 46805-1756

We have reviewed the audit report prepared by Cullar & Associates, PC, Independent Public Accountants, for the period July 1, 2009 to June 30, 2010. 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 Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate, as of June 30, 2010, 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.

In addition a management letter was issued that disclosed one issue concerning rent charged by controlled leasing entity.

STATE BOARD OF ACCOUNTS

*CONSOLIDATED FINANCIAL AND COMPLIANCE REPORT*

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC.  
AND AFFILIATE**

June 30, 2010 and 2009

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**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPORTING SCHEDULE**

To the Board of Directors  
Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate  
Fort Wayne, Indiana

We have audited the accompanying consolidated statements of financial position of Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate (the "Organization") as of June 30, 2010 and 2009, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate as of June 30, 2010 and 2009, and the consolidated changes in its net assets and its consolidated 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 February 14, 2011 on our consideration of the Organization'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 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 conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedule of expenditures of federal and nonfederal 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 consolidated financial statements. Such information is the responsibility of

management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Cullen & Associates, P.C.*

February 14, 2011

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AF FILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
June 30, 2010 and 2009

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	<u>2010</u>	<u>2009</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 42,436	\$ 109,015
Grants and contributions receivable	826,141	791,367
Accounts receivable	81,157	46,908
Other receivables	-	6,228
Property and equipment	<u>1,333,251</u>	<u>1,407,984</u>
<i>Total assets</i>	<u>\$ 2,282,985</u>	<u>\$ 2,361,502</u>
 <b>Liabilities and Net Assets:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 541,294	\$ 666,138
Refundable advances	-	5,328
Long-term debt	<u>1,165,820</u>	<u>1,227,837</u>
<i>Total liabilities</i>	<u>1,707,114</u>	<u>1,899,303</u>
 Net Assets:		
Unrestricted	575,871	462,199
Temporarily restricted	<u>-</u>	<u>-</u>
<i>Total net assets</i>	<u>575,871</u>	<u>462,199</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 2,282,985</u>	 <u>\$ 2,361,502</u>

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

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AF FILIATE**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
Years Ended June 30, 2010 and 2009

	2010			2009		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues, Gains, and Other Support:</b>						
Grants and fees	\$ 7,261,874	\$ -	\$ 7,261,874	\$ 6,808,121	\$ -	\$ 6,808,121
Program service revenue	147,678	-	147,678	165,818	-	165,818
Contributed cash	34,085	-	34,085	26,564	-	26,564
Contributed facilities	149,631	-	149,631	142,722	-	142,722
Interest income	1,177	-	1,177	1,536	-	1,536
<i>Total revenues, gains, and other support</i>	<u>7,594,445</u>	<u>-</u>	<u>7,594,445</u>	<u>7,144,761</u>	<u>-</u>	<u>7,144,761</u>
<b>Expenses:</b>						
Nutrition	1,564,513	-	1,564,513	1,567,347	-	1,567,347
Area Agency on Aging	3,244,444	-	3,244,444	3,215,314	-	3,215,314
Case Management	2,207,804	-	2,207,804	1,874,878	-	1,874,878
Management and general	463,572	-	463,572	462,508	-	462,508
Fund raising	440	-	440	2,099	-	2,099
<i>Total expenses</i>	<u>7,480,773</u>	<u>-</u>	<u>7,480,773</u>	<u>7,122,146</u>	<u>-</u>	<u>7,122,146</u>
<b>Change in net assets</b>	113,672	-	113,672	22,615	-	22,615
Net assets, beginning of year	462,199	-	462,199	439,584	-	439,584
<i>Net assets, end of year</i>	<u>\$ 575,871</u>	<u>\$ -</u>	<u>\$ 575,871</u>	<u>\$ 462,199</u>	<u>\$ -</u>	<u>\$ 462,199</u>

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

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended June 30, 2010 and 2009

	2010						2009					
	<u>Nutrition</u>	<u>Area Agency on Aging</u>	<u>Case Management</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Nutrition</u>	<u>Area Agency on Aging</u>	<u>Case Management</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Personnel	\$ 601,829	\$ 153,767	\$ 1,895,729	\$ 368,474	\$ -	\$ 3,019,799	\$ 580,752	\$ 192,511	\$ 1,568,803	\$ 334,741	\$ 1,899	\$ 2,678,706
Food	601,136	11,552	-	64	-	612,752	586,372	18,960	-	-	-	605,332
Meal delivery	79,955	-	-	-	-	79,955	93,926	-	-	-	-	93,926
Home health care	-	1,674,968	-	175	-	1,675,143	-	1,716,084	-	-	-	1,716,084
Adult day care	-	127,269	-	-	-	127,269	-	104,868	-	-	-	104,868
Respite services	-	623,306	-	-	-	623,306	-	422,548	-	-	-	422,548
Transportation services	-	391,134	-	-	-	391,134	-	394,346	-	-	-	394,346
Other assistance	-	205,177	-	-	-	205,177	-	231,370	-	-	-	231,370
Occupancy	161,546	3,114	29,306	3,033	-	196,999	165,477	3,667	30,303	2,521	-	201,968
Telephone	17,989	1,256	18,303	2,465	-	40,013	14,591	2,578	25,554	3,547	-	46,270
Postage	7,590	1,574	15,560	2,331	-	27,055	3,434	1,221	11,477	3,504	-	19,636
Contracted services	27,299	3,640	19,864	27,707	-	78,510	20,453	5,180	26,982	16,114	-	68,729
Materials and supplies	11,739	14,666	40,348	11,810	-	78,563	20,347	23,488	28,215	11,501	200	83,751
Insurance	3,347	1,074	9,431	3,859	-	17,711	3,867	1,126	7,637	5,146	-	17,776
Equipment expense	6,378	7,991	22,136	8,433	-	44,938	27,908	59,540	36,366	17,083	-	140,897
Travel	5,200	967	45,642	11,609	-	63,418	5,976	2,018	41,339	7,580	-	56,913
Dues and subscriptions	5,270	9,657	7,942	4,484	-	27,353	5,902	1,286	5,612	4,258	-	17,058
Conferences and training	4,002	2,721	4,882	2,817	-	14,422	2,526	7,221	10,373	7,847	-	27,967
Depreciation	15,182	5,184	49,252	5,115	-	74,733	15,028	9,137	40,602	6,342	-	71,109
Interest	14,232	5,182	48,461	6,890	-	74,765	17,355	13,853	41,080	7,324	-	79,612
Other	1,819	245	948	4,306	440	7,758	3,433	4,312	535	35,000	-	43,280
<i>Totals</i>	<u>\$ 1,564,513</u>	<u>\$ 3,244,444</u>	<u>\$ 2,207,804</u>	<u>\$ 463,572</u>	<u>\$ 440</u>	<u>\$ 7,480,773</u>	<u>\$ 1,567,347</u>	<u>\$ 3,215,314</u>	<u>\$ 1,874,878</u>	<u>\$ 462,508</u>	<u>\$ 2,099</u>	<u>\$ 7,122,146</u>

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

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2010 and 2009

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<b>Change in Cash and Cash Equivalents:</b>	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 113,672	\$ 22,615
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	74,733	71,109
Change in assets and liabilities:		
Grants and contributions receivable	(34,774)	(121,467)
Accounts receivable	(34,249)	(12,295)
Other receivables	6,228	(6,228)
Accounts payable and accrued liabilities	(124,844)	164,599
Refundable advances	<u>(5,328)</u>	<u>(139,289)</u>
<i>Net cash (used in) operating activities</i>	<u>(4,562)</u>	<u>(20,956)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>-</u>	<u>(40,594)</u>
Cash Flows from Financing Activities:		
Payment of long-term debt	<u>(62,017)</u>	<u>(57,135)</u>
<b>Net change in cash and cash equivalents</b>	(66,579)	(118,685)
Cash and cash equivalents, beginning of year	<u>109,015</u>	<u>227,700</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 42,436</u>	<u>\$ 109,015</u>
<i>Supplemental Cash Flows Information:</i>		
Interest paid	<u>\$ 74,765</u>	<u>\$ 79,612</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

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

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2010 and 2009

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**NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Aging and In-Home Services of Northeast Indiana, Inc. (the "Organization") is an Indiana nonprofit corporation whose mission is to promote dignity, independence, and advocacy for all older adults and persons with disabilities. It provides services to clients in Adams, Allen, DeKalb, Huntington, LaGrange, Noble, Steuben, Wells, and Whitley counties in the State of Indiana. The Organization's operations are supported primarily by grants from governmental agencies and other nonprofit organizations.

Significant Accounting Policies:

*Consolidation:*

The accompanying consolidated financial statements include the accounts of Aging and In-Home Services of Northeast Indiana, Inc. and Area III Properties, Inc. because the two organizations share the same Board of Directors and because Aging and In-Home Services of Northeast Indiana, Inc. has an economic interest in Area III Properties, Inc. Area III Properties, Inc. is an Indiana nonprofit corporation organized exclusively to hold property leased to Aging and In-Home Services of Northeast Indiana, Inc. All material transactions and balances between the entities have been eliminated in these consolidated financial statements.

*Use of estimates:*

The process of preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The costs of providing the programs and the supporting services have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services benefited based on management's best estimates.

*Net asset classes:*

The Organization reports its consolidated financial position and activities by the following classes of net assets:

*Unrestricted net assets* are those currently available for use by the Organization.

*Temporarily restricted net assets* are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified to unrestricted net assets and are reported in the consolidated statements of activities as net assets released from restrictions.

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2010 and 2009

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*Cash and cash equivalents:*

The Organization considers time deposits, certificates of deposit, and other highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

*Grants and contributions:*

The majority of the Organization's revenue is earned under cost-reimbursement awards from governmental agencies. Revenues are recognized under such awards when costs allowable under the terms of the awards are incurred. Advances received in excess of allowable costs are reported as liabilities.

The Organization reports grants and contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. However, contributions received with donor-imposed restrictions in which the restrictions are satisfied in the same reporting period are reported as unrestricted support.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

Contributed services are recognized if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such services are recorded at their estimated fair market value. No contributed services were recognized in the accompanying financial statements because the criteria for recognition have not been met. Management estimates the value of contributed services received during the years ended June 30, 2010 and 2009 that did not meet the criteria for recognition to be approximately \$37,000 and \$101,000, respectively.

The Organization uses certain facilities for its nutrition program without charge or at reduced charge. The difference between the fair value for the use of these facilities and their cost are recognized as revenue and expense. The Organization recognized \$149,631 and \$142,722 of revenue for contributed facilities during the years ended June 30, 2010 and 2009, respectively, in the accompanying consolidated financial statements.

*Fees for services:*

Fees for services are recognized as revenue when the services are substantially performed. Fees received in advance of substantial performance are reported as liabilities.

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2010 and 2009

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*Property and equipment:*

Property and equipment is stated at cost, if acquired, or at fair value at the date of receipt, if donated, less accumulated depreciation. Equipment with a unit cost below \$5,000 is expensed in the period acquired. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Building .....	10-40 years
Equipment.....	5-10 years

All of the Organization's equipment has been purchased with governmental grant funds. Disposition of these assets, as well as the ownership of any sale proceeds, is subject to funding source and other regulatory directives.

*Advertising:*

Advertising costs are expensed when incurred. There was no advertising expense for either year ended June 30, 2010 or 2009.

*Income taxes:*

Aging and In-Home Services of Northeast Indiana, Inc. is exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code. Area III Properties, Inc. is exempt from income taxes under Internal Revenue Code Section 501(c)(2) and a similar section of the Indiana Code. Consequently, the accompanying financial statements do not generally include any provision for income taxes. The Internal Revenue Service classifies both entities as other than private foundations under Internal Revenue Code Section 509(a)(1).

The Organization classifies interest and penalties, if any, associated with uncertain tax positions as a component of income tax expense. Management has not identified any uncertain tax positions taken or expected to be taken in a tax return. In addition, there were no accrued interest or penalties related to unrecognized tax benefits at June 30, 2010 or 2009, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. The Organization is no longer subject to examination by the Internal Revenue Service or the State of Indiana for years ended prior to June 30, 2007.

**NOTE 2. GRANTS, CONTRIBUTIONS, AND ACCOUNTS RECEIVABLE AND REFUNDABLE ADVANCES**

Grants and contributions receivable consist of reimbursements due under government cost-reimbursement awards and unconditional promises to give to the Organization. All amounts are due within one year, and no allowance for uncollectibles is considered necessary. Accounts receivable consist primarily of amounts due for services rendered, and no allowance for uncollectibles is considered necessary.

At June 30, 2010, the Organization had received approximately \$72,000 of conditional promises to give in excess of allowable costs incurred under cost-reimbursement grants. Such promises will be recognized as revenue if and when allowable costs are incurred.

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2010 and 2009

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At June 30, 2010 and 2009, the Organization had received none and \$5,328, respectively, in advances on cost-reimbursement grants in excess of allowable costs incurred that are reported as refundable advance liabilities in the accompanying consolidated statements of financial position. Such advances are required to be returned if the Organization does not incur allowable costs by the end of the grant periods.

**NOTE 3. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30, 2010 and 2009, respectively:

	<u>2010</u>	<u>2009</u>
Land	\$ 159,675	\$ 159,675
Building	1,657,962	1,657,962
Equipment	<u>40,594</u>	<u>40,594</u>
	1,858,231	1,858,231
Less accumulated depreciation	<u>(524,980)</u>	<u>(450,247)</u>
<i>Net property and equipment</i>	<u>\$ 1,333,251</u>	<u>\$ 1,407,984</u>

The Organization's equipment has been purchased with governmental grant funds. Disposition of these assets, as well as the ownership of any sale proceeds, is subject to funding source and other regulatory directives. Because management expects such assets to be used in accordance with the funding source directives, the cost of such items has been recorded as assets when they were acquired.

**NOTE 4. DEBT**

The Organization has a \$500,000 line of credit with a bank that bears interest at Wall Street journal prime and is collateralized by substantially all assets of the Organization. No borrowings were outstanding on the line at either June 30, 2010 or 2009.

Long-term debt with balances of \$1,165,820 and \$1,227,837 at June 30, 2010 and 2009, respectively, consists of a note payable, bank, due in monthly payments of \$11,250, including interest at 6.0%, through August 2013, with a balloon payment due at that time, collateralized by a mortgage on the Organization's facility.

Maturities of debt at June 30, 2010 for each of the next four years and in the aggregate are as follows:

2011	\$ 66,870
2012	70,994
2013	75,373
2014	<u>952,583</u>
	<u>\$ 1,165,820</u>

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2010 and 2009

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**NOTE 5. RETIREMENT PLAN**

The Organization maintains a defined-contribution tax-deferred annuity pension plan covering substantially all of its employees. Pension costs are funded in the period that they accrue. Pension expense was \$35,464 and \$30,864 for the years ended June 30, 2010 and 2009, respectively.

**NOTE 6. CONCENTRATIONS AND CONTINGENCIES**

All of the Organization's programs and activities occur in Northeast Indiana. Consequently, its sources of support and revenue may be affected by conditions in that area. In addition, for the years ended June 30, 2010 and 2009, approximately 96% and 95%, respectively, of total revenues were received from state and federal governmental sources, with approximately 81% and 83%, respectively, of total revenues received from Indiana Family and Social Services Administration.

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and grants and contributions receivable. At June 30, 2010 the Organization had approximately \$328,000 of cash equivalents invested in short-term government agency securities through a "sweep account" arrangement with a financial institution that are not covered by federal deposit insurance but that are collateralized by U.S. government agency securities with an approximate equivalent value. Grants and contributions receivable are due primarily from Indiana Family and Social Services Administration under contracts and cost-reimbursement grants, which represents a concentration of credit risk.

**NOTE 7. SUBSEQUENT EVENTS INFORMATION**

The date through which events occurring subsequent to June 30, 2010 have been evaluated for possible adjustment to the financial statements or disclosure is February 14, 2011, the date on which the consolidated financial statements were available to be issued. Management identified no such events.

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE**  
**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS**  
Year Ended June 30, 2010

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract or Agreement Nos.</u>	<u>Total Expenditures</u>	<u>American Reinvestment Act Expenditures</u>
<b>Federal Expenditures:</b>				
<i>U.S. Department of Health and Human Services:</i>				
Passed-through Indiana Family and Social Services Administration:				
Aging Cluster:				
Title IIIB Grants for Supportive Services and Senior Centers	93.044	02-10-OV-1531	\$ 745,626	\$ -
Title IIIC Nutrition Services	93.045	02-10-OV-1531	988,890	-
Nutrition Services Incentive Program	93.053	02-10-02-1531	84,516	-
ARRA - Aging Congregate Nutrition Services for States	93.707	02-09-0V-1531	61,484	61,484
ARRA - Aging Congregate Nutrition Services for States	93.707	02-09-0V-1531	<u>10,632</u>	<u>10,632</u>
<i>Total aging cluster</i>			<u>1,891,148</u>	<u>72,116</u>
Title VII - Long-Term Care Ombudsman Services for Older Individuals	93.042	02-10-OV-1531	21,822	-
Special Program for the Aging-Disease Prevention and Health Promotion Services	93.043	02-10-OV-1531	37,951	-
National Family Caregiver Support, Title IIIE	93.052	02-10-OV-1531	247,231	-
Social Services Block Grant	93.667	02-10-OG-1531	478,212	-
Medical Assistance Program	93.778	02-10-70-1531	<u>413,300</u>	<u>-</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>3,089,664</u>	<u>72,116</u>
<b>Nonfederal Expenditures:</b>				
<i>Indiana Family and Social Services Administration:</i>				
CHOICE		02-10-10-1531	2,905,837	-
Assisted Living Ombudsman		02-10-2V-1531	36,746	-
Older Hoosier Act		02-10-OM-1531	134,163	-
Medicaid Waiver Administration		n/a	1,079,599	-
<i>Indiana Department of Insurance:</i>				
State Health Insurance Assistance Program		n/a	<u>15,865</u>	<u>-</u>
<i>Total nonfederal expenditures</i>			<u>4,172,210</u>	<u>-</u>
 <b>Total federal and no federal expenditures</b>			 <b><u>\$ 7,261,874</u></b>	 <b><u>\$ 72,116</u></b>

The accompanying notes are an integral part of this consolidated schedule.

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL**  
**AND NONFEDERAL AWARDS**  
Year Ended June 30, 2010

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**NOTE 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

The accompanying consolidated schedule of expenditures of federal and nonfederal awards (the "Schedule") includes the consolidated federal and state grant activities of Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate (the "Organization") under programs of the federal and Indiana governments for the year ended June 30, 2010. 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*. Because the Schedule presents only a selected portion of the consolidated operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 2. SUBRECIPIENTS**

The Organization provided no federal awards to subrecipients during the year ended June 30, 2010.



**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***

To the Board of Directors  
Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate  
Fort Wayne, Indiana

We have audited the consolidated financial statements of Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate (the "Organization") as of and for the year ended June 30, 2010, and have issued our report thereon dated February 14, 2011. 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 the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 a certain matter that we reported to management of Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate in a separate letter dated February 14, 2011.

This report is intended solely for the information and use of management, the Board of Directors, others within the Organization, the Indiana State Board of Accounts, 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.

*Cullen & Associates, P.C.*

February 14, 2011



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

To the Board of Directors  
Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate  
Fort Wayne, Indiana

**Compliance**

We have audited Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate's (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2010. The Organization'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 the Organization's management. Our responsibility is to express an opinion on the Organization'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 the Organization'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 the Organization's compliance with those requirements.

In our opinion, Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

Management of Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate 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 the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, 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 the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, the Indiana State Board of Accounts, 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.

*Cullen & Associates, P.C.*

February 14, 2011

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2010

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**Section 1 ó Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
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 Section 510(a) of Circular A-133?	No

*Identification of Major Programs*

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.044; 93.045; 93.053; 93.707 (Aging Cluster)	Title IIIB Grants for Supportive Services and Senior Centers Title IIIC Nutrition Services Nutrition Services Incentive Program ARRA - Aging Home-Delivered Nutrition Services for States
93.778	Medical Assistance Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee, as defined in Section 530 of Circular A-133?	No

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2010

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**Section 2 – Findings in Financial Statements Audit**

There were no findings in the financial statement audit.

**Section 3 – Findings in Major Federal Award Programs Audit**

There were no findings in the major federal awards audit.

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2010

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**Findings in Financial Statements Audit**

*FINDING 09-1*

*Condition:*

Mail receipts are not opened and logged by two employees simultaneously. Additionally, any mail specifically addressed to the President and Vice President of Finance is not opened by employees designated to open the mail.

*Recommendations:*

We recommend that the mail be opened by two employees simultaneously, who should both initial the log of mail receipts.

*Current status:*

The recommendations were adopted. No similar finding was noted in 2010.

**Findings in Major Federal Award Programs Audit**

There were no findings in the major federal award programs audit.