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May 30, 2014

Board of Directors  
Community Action East Central Indiana  
1845 W. Main Street  
P.O. Box 1314  
Richmond, IN 47375

We have reviewed the audit report prepared by Gauthier & Kimmerling, LLC, for the period January 1, 2011 to December 31, 2011. 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 Community Action East Central Indiana, as of December 31, 2011, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the going concern matter noted in the Independent Public Accountants' report on page 1.

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**COMMUNITY ACTION OF EAST  
CENTRAL INDIANA, INC.**

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

COMMUNITY ACTION OF EAST CENTRAL INDIANA

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Gauthier & Kimmerling, LLC  
accountants & advisors

7340 Shadeland Station • Suite 100 • Indianapolis, IN 46256 • (317) 572-1130

Independent Auditors' Report

Board of Directors  
Community Action of East Central  
Indiana, Inc.  
Richmond, Indiana

We have audited the accompanying statement of financial position of Community Action of East Central Indiana, Inc. (CAECI) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of CAECI'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 of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by CAECI's 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 CAECI as of December 31, 2011, 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 of America.

The accompanying financial statements have been prepared assuming that CAECI will continue as a going concern. As discussed in Note 10 to the financial statements, CAECI has a liquidity shortfall. This condition raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 10. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should CAECI be unable to continue as a going concern.

In accordance with Government Auditing Standards, we have also issued our report dated August 20, 2012 on our consideration of CAECI'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.

*Gauthier + Kimmerling, LLC*

August 20, 2012

COMMUNITY ACTION OF EAST CENTRAL INDIANA, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2011

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**ASSETS**

Cash and cash equivalents	\$ 75,645
Grants receivable (Note 5)	86,278
Property, net of accumulated depreciation (Note 4)	<u>851,325</u>
Total Assets	<u><u>\$ 1,013,248</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:

Accounts payable	\$ 400,502
Accrued expenses	86,202
Note payable (Note 7)	<u>417,017</u>
Total Liabilities	<u>903,721</u>
Unrestricted Net Assets	<u>109,527</u>
Total Liabilities and Net Assets	<u><u>\$ 1,013,248</u></u>

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

**COMMUNITY ACTION OF EAST CENTRAL INDIANA, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Unrestricted	Temporarily Restricted	Total
<b><u>REVENUES AND OTHER SUPPORT</u></b>			
Grants (Note 5)	\$ -	\$ 5,291,974	\$ 5,291,974
Contributions	20,458	-	20,458
Interest Income	10	-	10
Other income	-	-	-
In-kind donations	46,933	-	46,933
Revenues and other support	67,401	5,291,974	5,359,375
Revenues released from restriction	5,291,974	(5,291,974)	-
Total Revenues and Other Support	5,359,375	-	5,359,375
 <b><u>EXPENSES</u></b>			
Early education	2,722,635	-	2,722,635
Energy assistance	1,922,993	-	1,922,993
Community service	228,099	-	228,099
Weatherization	26,846	-	26,846
Housing	304,191	-	304,191
Total Program	5,204,764	-	5,204,764
Management and general	171,386	-	171,386
Total Expenses	5,376,150	-	5,376,150
Increase (decrease) in net assets	(16,775)	-	(16,775)
Net assets - beginning of year	126,302	-	126,302
Net assets - end of year	\$ 109,527	\$ -	\$ 109,527

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

**COMMUNITY ACTION OF EAST CENTRAL INDIANA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Early Education	Energy Assistance	Community Services	Weatherization	Housing	Program Total	Management and General	Total Expenses
Personnel	\$ 1,817,580	\$ 161,942	\$ 105,340	\$ -	\$ 33,553	\$ 2,118,415	\$ 88,268	\$ 2,206,683
Occupancy	117,994	6,616	5,964	2,489	4,049	137,112	5,713	142,825
Telephone and postage	27,983	16,476	2,889	1,459	1,766	50,573	2,108	52,681
Professional fees	27,056	4,287	9,528	995	954	42,820	1,784	44,604
Contractual	51,737	10,537	8,255	948	771	72,248	3,010	75,258
Materials and supplies	51,600	8,020	727	1,254	609	62,210	2,591	64,801
Equipment	40,328	3,149	1,092	636	243	45,448	1,894	47,342
Travel	2,995	2,270	15	9,202	1,545	16,027	668	16,695
Insurance	54,288	5,348	5,988	1,409	565	67,598	2,818	70,416
Printing	6,296	2,878	1,123	129	352	10,777	449	11,226
Program services	363,439	1,697,463	55,035	-	259,205	2,375,142	-	2,375,142
Depreciation	19,822	3,214	3,053	664	48	26,801	56,556	83,357
Interest	-	-	24,251	-	-	24,251	1,010	25,261
In-Kind	46,933	-	-	-	-	46,933	-	46,933
Other	1,941	793	3,372	-	-	6,106	222	6,328
Training	92,644	-	1,467	7,661	531	102,303	4,295	106,598
<b>Total</b>	<b>\$ 2,722,635</b>	<b>\$ 1,922,993</b>	<b>\$ 228,099</b>	<b>\$ 26,846</b>	<b>\$ 304,191</b>	<b>\$ 5,204,764</b>	<b>\$ 171,386</b>	<b>\$ 5,376,150</b>

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

COMMUNITY ACTION OF EAST CENTRAL INDIANA, INC.  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (16,775)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	83,357
(Increase) decrease in operating assets:	
Grants receivable	162,450
Increases (decreases) in operating liabilities:	
Accounts payable	(54,975)
Accrued expenses	<u>(111,591)</u>
Net Cash Provided by (Used in) Operating Activities	<u>62,466</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from debt	25,000
Payment on debt	<u>(29,937)</u>
Net Cash Provided by (Used in) Financing Activities	<u>(4,937)</u>
Net increase (decrease) in cash	57,529
Cash - beginning of year	<u>18,116</u>
Cash - end of year	<u>\$ 75,645</u>
Interest paid during the year	<u>\$ 25,261</u>

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

COMMUNITY ACTION OF EAST CENTRAL INDIANA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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1. NATURE OF THE ORGANIZATION

Community Action of East Central Indiana Program, Inc. (CAECI) was established in September 1965 to develop and provide resources for the purpose of assisting low-income individuals through a variety of programs in Fayette, Union, and Wayne counties in Indiana.

During 2011, CAECI was actively involved in:

- Child education
- Housing
- Community services
- Energy assistance
- Weatherization

CAECI receives funding from many organizations, but its primary sources of revenue are state and federal government grants.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared using the accrual basis of accounting, as described below.

In accordance with Accounting Standards, Financial Statements of Not-for-Profit Organizations, unrestricted net assets include all assets over which CAECI has full discretion as to use. Temporarily restricted net assets include net assets whose use by CAECI is limited by donor-imposed restrictions that either expire by the passage of time or are fulfilled by CAECI. As the restrictions are met, the net assets are released from restrictions and included in unrestricted net assets.

Contributions for which the restrictions are met in the same period in which the contribution is received are also recorded as unrestricted. Permanently restricted net assets include net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of CAECI.

Federal and state grant awards are recognized as temporarily restricted revenue subject to compliance with grant restrictions. Unexpended funds are reported as temporarily restricted revenue. When expenses are incurred against grant funds temporarily restricted net assets are released from restriction.

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

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES – Continued

CAECI allocates its expenses on a functional basis among various programs. Expenses directly related to certain programs are expensed to those programs. Other expenses that are common to several programs are allocated based upon a rational and systematic method.

CAECI is exempt from income taxation under the Internal Revenue Code Section 501(c)(3). Management believes that CAECI has addressed all relevant tax positions and that there are no unrecorded tax liabilities. CAECI believes it is no longer subject to tax examination for the years prior to 2008.

All liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

Property and equipment used in operations is recorded at cost if the value exceeds \$5,000. Depreciation is recognized over the estimated useful life of 3 to 30 years using the straight-line method.

CAECI reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. There were no impairment losses recognized in 2011.

3. FINANCIAL INSTRUMENTS

CAECI maintains its cash in deposit accounts that, at times, may exceed federally insured limits. There were no excesses during 2011.

CAECI has not experienced any losses in its accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

4. PROPERTY AND EQUIPMENT

CAECI's property and equipment consisted of the following at December 31, 2011:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 28,000	\$ -	\$ 28,000
Building	494,415	184,036	310,379
Building improvements	470,748	120,554	350,194
Equipment	<u>768,127</u>	<u>605,375</u>	<u>162,752</u>
Total	<u>\$ 1,761,290</u>	<u>\$ 909,965</u>	<u>\$ 851,325</u>

Depreciation expense for the year totaled \$83,357.

5. GRANT REVENUE, GRANTS RECEIVABLE, AND DEFERRED REVENUE

CAECI's grant revenue and grants receivable consist of the following at December 31:

Grantor/Program Title	Grants Receivable 12/31/10	Grant Revenue 12/31/11	Collections 12/31/11	Grants Receivable 12/31/11
<b>U.S. Department of Agriculture</b>				
Child and Adult Care				
Food Program	\$ 25,881	\$ 149,695	\$ 161,459	\$ 14,117
Housing Preservation	-	-	-	-
<b>HUD</b>				
Section 8		306,064	306,064	
<b>U.S. Department of Energy</b>				
Weatherization Assistance	201	25,232	201	25,232
<b>Homeland Security</b>				
FEMA EFS	-	2,800	2,800	-
<b>HHS</b>				
EAP	51,295	2,007,520	2,034,426	24,389
LIHEAP	11,524	7,730	11,722	7,532
CSBG	49,089	233,407	267,488	15,008
Head Start	81,707	1,656,268	1,737,975	-
Head Start ARRA T/TA	29,500	-	29,500	-
Early Head Start ARRA	170	903,258	903,428	-
<b>Totals</b>	<u>\$ 249,367</u>	<u>\$ 5,291,974</u>	<u>\$ 5,455,063</u>	<u>\$ 86,278</u>

6. EMPLOYEE RETIREMENT PLAN

CAECI offers a 403(b) annuity plan. Any employee who has completed one year of employment is eligible. CAECI contributes \$50 for those with health insurance benefits or \$410 a month for members of the bargaining unit without employer provided health coverage. Contributions made by CAECI were \$155,849 for the year ended December 31, 2011.

7. NOTE PAYABLE

As of December 31, 2011, notes payable consisted of the following:

CAECI obtained a promissory note from U.S. Bank with interest at the rate of 5.789%. Monthly payments are \$4,592, with the outstanding balance due May 2016. Outstanding balance was \$392,017 at December 31, 2011.

CAECI obtain a promissory note from a board member in the original amount of \$25,000 with interest at the rate of 6%. Biannual payments are \$4,615, with the note maturing January 2015. Outstanding balance was \$25,000 at December 31, 2011.

(Continued)

7. NOTE PAYABLE - Continued

Future principal maturities on the note payable are as follows:

Year ending December 31,	
2012	\$ 32,778
2013	39,747
2014	43,247
2015	42,449
2016	258,796
Thereafter	-
Total	<u>\$ 417,017</u>

8. FAIR VALUE MEASUREMENT

In accordance with Accounting Standards Codification (ASC) 820, CAECI measures its assets and liabilities valued on a recurring basis at fair value using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities
- Level 2 – Quoted prices for similar assets or liabilities in active markets
- Level 3 – Unobservable inputs for the asset or liability based on the best available information

At December 31, 2011, there were no assets or liabilities valued on a recurring basis.

The fair value of short-term financial instruments, including cash and cash equivalents, grants receivable, accounts payable and other accrued liabilities approximate the carrying value in the accompanying financial statements due to the short maturity of such instruments.

The carrying value of notes payable approximates the fair value based on current borrowing rates.

All methods of assessing fair value result in a general approximation of value and such value may never be realized.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

10. GOING CONCERN

In late 2009, early 2010 CAECI incurred approximately \$399,000 in energy assistance expenses. Cash from valid claims totaling \$75,000 was used to pay a portion of these liabilities in 2010 leaving a balance of \$324,000 at December 31, 2011. Additional valid claims totaling \$31,000 was used in 2011 to pay another portion of these liabilities leaving a balance of \$293,000 beyond available grant funding. Unrestricted revenue sources totaling \$24,000 was used to pay a portion in 2011 leaving a balance of \$269,000 at December 31, 2011 and is included in the accounts payable year-end total. This situation results in a material noncompliance with the EAP grant and unpaid vendors which could lead to judgments against CAECI. Unrestricted revenues are insufficient to cover the remaining balance and noncompliance with grants could lead to a reduction in future grant funding.

Lack of an entity wide financial reporting and budget monitoring combined with a lack of budget control over energy assistance program activities allowed agency personnel to obligate CAECI beyond available grant funding. The problem was compounded by slow financial reporting.

Management has replaced all the fiscal staff responsible for coordinating compliance and program budget. New financial controls have been implemented to control purchasing, and produce timely financial reports. An agency wide budget to actual has been developed and is provided to the Board. Staff has been trained to identify budget problems and the Board has been trained to improve fiscal oversight. CAECI has contacted all unpaid vendors to negotiate payment arrangements and also has initiated a project to implement a capital campaign and develop other revenue sources to repay its obligations.

**COMMUNITY ACTION OF EAST  
CENTRAL INDIANA, INC.**

**REPORTS PRESCRIBED BY  
OMB CIRCULAR A-133**

**DECEMBER 31, 2011**



Gauthier & Kimmerling, LLC  
accountants & advisors

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Report on Internal Control Over Financial Reporting and Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

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Board of Directors  
Community Action  
of East Central Indiana  
Richmond, Indiana

We have audited the financial statements of Community Action of East Central Indiana (CAECI) as of and for the year ended December 31, 2011, and have issued our report thereon dated August 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial reporting contained in Government Auditing Standards, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of CAECI is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered CAECI'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 CAECI's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CAECI'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 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 CAECI'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.

This report is intended solely for the information and use of CAECI's Board of Directors, management, others within the entity, and the 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.

*Gauthier + Kinnally, LLC*

August 20, 2012



Gauthier & Kimmerling, LLC  
accountants & advisors

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Report on Compliance with Requirements That Could Have a Direct  
and Material Effect on Each Major Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A-133

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Board of Directors  
Community Action  
of East Central Indiana  
Richmond, Indiana

COMPLIANCE

We have audited the compliance of Community Action Of East Central Indiana (CAECI) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of CAECI's major federal programs for the year ended December 31, 2011. CAECI's major federal programs are identified in the summary of auditors' 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 CAECI's management. Our responsibility is to express an opinion on CAECI'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 CAECI'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 CAECI's compliance with those requirements.

In our opinion, CAECI complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

### INTERNAL CONTROL OVER COMPLIANCE

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

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of CAECI as of and for the year ended December 31, 2011, and have issued our report dated August 20, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB circular A-133 and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects to the financial statements as a whole.

Page 3

This report is intended solely for the information of CAECI's Board of Directors, management, others within the entity and the 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.

*Gauthier + Kinnear, LLC*

August 20, 2012

Community Action of East Central Indiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
Child and Adult Care Food Program	10.558	N/A	\$ 149,695
<b>Total U.S. Department of Agriculture</b>			<u>149,695</u>
<b>U.S. Department of Housing and Urban Development:</b>			
Indiana Housing and Community Development Authority Lower Income Housing Assistance Program-Section 8	14.871	N/A	<u>306,064</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>306,064</u>
<b>U.S. Department of Energy:</b>			
Indiana Housing and Community Development Authority Weatherization Assistance for Low-Income Persons	81.042	WX 010-005	<u>25,232</u>
<b>Total U.S. Department of Energy</b>			<u>25,232</u>
<b>U.S. Department of Homeland Security:</b>			
Emergency Food and Shelter Program Emergency Food and Shelter National Board Program	97.024	N/A	<u>2,800</u>
<b>Total U.S. Department of Homeland Security:</b>			<u>2,800</u>

(Continued)

Community Action of East Central Indiana  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2011  
 (Continued)

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>			
Indiana Housing and Community Development Authority			
Low-Income Home Energy Assistance	93.568	WL-010-005	<u>7,730</u>
Total Low-Income Home Energy Assistance			<u>7,730</u>
Indiana Housing and Community Development Authority			
Low-Income Home Energy Assistance	93.568	LI-009-005	1,315,742
Low-Income Home Energy Assistance		LI-009-005-2	<u>691,778</u>
Total Low-Income Home Energy Assistance			<u>2,007,520</u>
Community Services Block Grant	93.569	CS-011-005	<u>233,407</u>
Head Start	93.600	05CH4014/45	291,922
Head Start		05CH4014/46	<u>1,364,346</u>
Total Head Start - CFDA 97.600			<u>1,656,268</u>
ARRA Early Head Start expansion	93.709	05SA4014/01	<u>903,258</u>
<b>Total U.S. Department of Health and Human Services:</b>			<u>4,808,183</u>
<b>Total Expenditure of Federal Awards</b>			<u>\$ 5,291,974</u>

The accompanying notes are an integral part of this schedule.

The accompanying notes are an integral part of this schedule.  
Community Action of East Central Indiana  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2011

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The following describes the significant accounting policies used in the preparation of the schedule of expenditures of federal awards:

Basis of Presentation – The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of CAECI under programs of the federal government for the year ended December 31, 2011. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*. Because the schedule presents only a select portion of the operations of CAECI, it is not intended to and does not present the financial position, changes in net assets or cash flows of CAECI.

Summary of Significant Accounting Policies – 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Community Action of East Central Indiana  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2011

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<u>ITEM NUMBER</u>	<u>STATUS OF PRIOR AUDIT FINDING</u>
Finding 2010-1	Corrective action was taken.

Community Action of East Central Indiana  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2011

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**Section I - Summary of Auditors' Results**

Financial Statements:

Type of auditor report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? *None reported*

Noncompliance material to financial statements noted: *No*

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified: *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? *None reported*

Type of auditors' 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(s)</u>	<u>Name of Federal Program</u>
93.569	Low-Income Home Energy Assistance
93.600	Head Start
93.709	ARRA Early Head Start

Community Action of East Central Indiana  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2011

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**Section I - Summary of Auditors' Results - continued**

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

Auditee qualified as low-risk auditee? *No*

**Section II - Financial Statement Findings**

*No matters were reported.*

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

*No matters were reported.*