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June 5, 2014

Board of Directors  
Area IV Agency on Aging Community  
Action Programs, Inc.  
660 North 36<sup>th</sup> Street  
Lafayette, IN 47905

We have reviewed the audit report prepared by Cullar & Associates, P.C., 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 Area IV Agency on Aging Community Action Programs, Inc., 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.

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

*FINANCIAL AND COMPLIANCE REPORT*

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**

December 31, 2011 and 2010

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

To the Board of Directors  
Area IV Agency on Aging and Community Action Programs, Inc.  
Lafayette, Indiana

We have audited the accompanying statements of financial position of Area IV Agency on Aging and Community Action Programs, Inc. (the "Organization") as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our 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 financial statements referred to above present fairly, in all material respects, the financial position of Area IV Agency on Aging and Community Action Programs, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2012 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 basic financial statements. The 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 basic 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 audits of the basic financial statements and certain additional 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Cullen & Associates, P.C.*

August 14, 2012

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2011 and 2010

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<b>Assets:</b>	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and cash equivalents	\$ 176,548	\$ 147,037
Grants and fees receivable	1,351,973	1,470,122
Accounts receivable - related entity	13,435	3,835
Advances to related entity, net of allowance for uncollectibles of \$79,990 and \$89,990	-	-
<i>Total current assets</i>	<u>1,541,956</u>	<u>1,620,994</u>
Long-Term Assets:		
Property and equipment	174,135	235,490
Beneficial interest in assets held by others	<u>24,378</u>	<u>18,630</u>
<i>Total long-term assets</i>	<u>198,513</u>	<u>254,120</u>
 <i>Total assets</i>	 <u>\$ 1,740,469</u>	 <u>\$ 1,875,114</u>
 <b>Liabilities and Net Assets:</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 774,836	\$ 972,030
Note payable, funding source	100,000	100,000
Deferred revenue	<u>321,263</u>	<u>241,769</u>
<i>Total current liabilities</i>	<u>1,196,099</u>	<u>1,313,799</u>
Net Assets:		
Unrestricted	519,992	542,685
Permanently restricted	<u>24,378</u>	<u>18,630</u>
<i>Total net assets</i>	<u>544,370</u>	<u>561,315</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 1,740,469</u>	 <u>\$ 1,875,114</u>

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

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2011 and 2010

	2011			2010				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>Revenues, Gains, Other Support:</b>								
Grants and fees	\$ 9,860,391	\$ -	\$ -	\$ 9,860,391	\$ 11,812,640	\$ -	\$ -	\$ 11,812,640
Program service fees	463,982	66,868	-	530,850	490,714	49,504	-	540,218
Contributions - cash	3,908	24,978	2,250	31,136	22,950	24,485	3,280	50,715
Contributions - services and facilities	213,240	-	-	213,240	245,279	-	-	245,279
Special events	39,884	-	-	39,884	41,714	-	-	41,714
Interest income	135	-	-	135	1,828	-	-	1,828
Change in value of beneficial interest in assets held by others	-	-	3,498	3,498	-	-	-	-
Net assets released from restrictions	91,846	(91,846)	-	-	73,989	(73,989)	-	-
<i>Total revenues, gains, and other support</i>	<u>10,673,386</u>	<u>-</u>	<u>5,748</u>	<u>10,679,134</u>	<u>12,689,114</u>	<u>-</u>	<u>3,280</u>	<u>12,692,394</u>
<b>Expenses:</b>								
Area Agency on Aging	2,298,534	-	-	2,298,534	2,935,812	-	-	2,935,812
Energy Assistance	1,872,531	-	-	1,872,531	2,449,808	-	-	2,449,808
Weatherization	1,630,516	-	-	1,630,516	1,977,085	-	-	1,977,085
Housing	1,171,973	-	-	1,171,973	1,436,896	-	-	1,436,896
Case Management	1,006,904	-	-	1,006,904	907,848	-	-	907,848
Transportation	80,686	-	-	80,686	73,120	-	-	73,120
Head Start	1,420,924	-	-	1,420,924	1,557,554	-	-	1,557,554
Community Services	504,090	-	-	504,090	408,060	-	-	408,060
<i>Total program service expenses</i>	<u>9,986,158</u>	<u>-</u>	<u>-</u>	<u>9,986,158</u>	<u>11,746,183</u>	<u>-</u>	<u>-</u>	<u>11,746,183</u>
Management and general	709,921	-	-	709,921	781,357	-	-	781,357
<i>Total expenses</i>	<u>10,696,079</u>	<u>-</u>	<u>-</u>	<u>10,696,079</u>	<u>12,527,540</u>	<u>-</u>	<u>-</u>	<u>12,527,540</u>
<b>Change in net assets</b>								
Net assets, beginning of year	(22,693)	-	5,748	(16,945)	161,574	-	3,280	164,854
Net assets, end of year	542,685	-	18,630	561,315	381,111	-	15,350	396,461
<i>Net assets, end of year</i>	<u>\$ 519,992</u>	<u>\$ -</u>	<u>\$ 24,378</u>	<u>\$ 544,370</u>	<u>\$ 542,685</u>	<u>\$ -</u>	<u>\$ 18,630</u>	<u>\$ 561,315</u>

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

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2011

	Area Agency on Aging	Energy Assistance	Weather- ization	Housing Management	Case Management	Transpor- tation	Head Start	Community Services	Management and General	Totals
Personnel	\$ 341,647	\$ 179,120	\$ 276,050	\$ 147,190	\$ 839,870	\$ 39,336	\$ 924,682	\$ 259,689	\$ 559,973	\$ 3,567,557
Travel	27,791	3,472	381	3,495	30,821	1,718	14,157	9,413	2,615	93,863
Occupancy	17,834	28,467	12,167	8,518	54,426	1,908	78,392	22,732	26,846	251,290
Communications	8,603	11,091	6,106	3,433	22,573	2,000	8,560	8,654	10,701	81,721
Postage	2,927	3,531	1,382	3,168	4,686	110	2,405	4,048	1,749	24,006
Office supplies	8,242	8,493	4,021	3,276	12,376	625	13,661	7,174	10,668	68,536
Program supplies	16,384	3,989	5,323	16	2,176	809	13,912	2,206	195	45,010
Food	713,582	121	-	159	109	9	75,460	239	171	789,850
Equipment leasing	859	2,551	469	359	3,790	80	3,992	978	1,477	14,555
Vehicle expenses	17,119	285	6,942	108	594	6,915	43,710	364	823	76,860
Training and education	6,304	1,574	4,733	971	3,831	527	16,700	3,376	2,443	40,459
Contracted services	8,477	9,465	4,723	54,807	13,976	775	3,789	18,653	10,955	125,620
Insurance	3,262	1,451	9,640	764	7,028	522	4,433	1,596	3,132	31,608
Professional fees	-	-	-	-	-	-	-	-	48,748	48,748
Dues and subscriptions	3,288	365	219	92	6,671	266	1,504	881	4,398	17,684
Home energy improvements	-	-	1,282,370	-	-	-	-	159,381	603	1,442,354
Home energy assistance	-	1,618,084	-	-	-	-	-	1,880	-	1,619,964
Health care assistance	901,448	-	-	-	1,957	-	-	-	-	903,405
Rent assistance	-	-	-	773,279	-	-	-	-	-	773,279
Other assistance	194,358	-	-	169,631	-	-	6,958	-	-	370,947
Interest	-	-	-	-	-	-	-	-	752	752
Use of contributed services and facilities	25,787	-	-	-	-	420	184,112	1,821	1,100	213,240
Depreciation	-	-	15,736	-	-	24,531	9,610	-	11,478	61,355
Other	622	492	254	2,707	2,020	135	14,887	1,205	11,094	33,416
<b>Totals</b>	<b>\$2,298,534</b>	<b>\$1,872,531</b>	<b>\$1,630,516</b>	<b>\$1,171,973</b>	<b>\$1,006,904</b>	<b>\$ 80,686</b>	<b>\$1,420,924</b>	<b>\$ 504,090</b>	<b>\$ 709,921</b>	<b>\$10,696,079</b>

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

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
 Year Ended December 31, 2010

	Area Agency on Aging	Energy Assistance	Weather- ization	Housing	Case Management	Transpor- tation	Head Start	Community Services	Management and General	Totals
Personnel	\$ 441,111	\$ 161,186	\$ 259,516	\$ 190,335	\$ 735,506	\$ 31,213	\$ 958,004	\$ 251,467	\$ 599,265	\$ 3,627,603
Travel	32,614	3,297	2,143	3,876	31,226	1,157	19,514	8,379	1,696	103,902
Occupancy	21,562	27,168	10,143	13,906	51,889	1,813	82,004	11,625	26,000	246,110
Communications	13,709	14,332	6,023	6,805	30,951	2,675	10,280	7,520	13,485	105,780
Postage	3,795	4,106	2,237	3,844	4,455	157	2,322	4,046	1,912	26,874
Office supplies	16,776	12,402	17,971	6,151	14,567	750	24,702	9,066	17,718	120,103
Program supplies	24,498	12,276	36,281	56	2,872	11	31,432	6,000	143	113,569
Food	946,172	-	-	-	-	-	134,471	20,985	-	1,101,628
Equipment leasing	1,701	3,104	584	979	4,142	128	4,113	1,130	2,160	18,041
Vehicle expenses	11,515	157	5,692	283	221	12,684	43,554	194	622	74,922
Training and education	5,752	842	11,453	759	4,464	317	20,282	3,854	3,022	50,745
Contracted services	14,551	10,151	3,850	54,037	14,083	842	5,663	8,798	15,387	127,362
Insurance	3,330	1,085	15,575	1,049	4,144	458	5,087	1,096	2,235	34,059
Professional fees	-	-	-	-	-	-	-	-	46,889	46,889
Dues and subscriptions	3,936	895	340	493	3,176	310	1,598	831	4,262	15,841
Equipment	-	-	-	-	-	-	-	-	137	137
Home energy improvements	-	-	1,589,700	-	-	-	-	44,840	-	1,634,540
Home energy assistance	-	2,197,420	-	-	-	-	-	-	-	2,197,420
Health care assistance	1,200,306	-	-	-	3,295	-	-	-	-	1,203,601
Rent assistance	-	-	-	750,087	-	-	-	-	-	750,087
Other assistance	171,163	-	-	403,607	-	-	5,080	-	-	579,850
Interest	-	-	-	-	-	-	-	-	461	461
Use of contributed services and facilities	20,979	-	-	-	-	360	182,201	6,887	34,852	245,279
Depreciation	-	-	15,047	-	-	20,132	11,211	-	9,149	55,539
Other	2,342	1,387	530	629	2,857	113	16,036	21,342	1,962	47,198
<b>Totals</b>	<b>\$ 2,935,812</b>	<b>\$ 2,449,808</b>	<b>\$ 1,977,085</b>	<b>\$ 1,436,896</b>	<b>\$ 907,848</b>	<b>\$ 73,120</b>	<b>\$ 1,557,554</b>	<b>\$ 408,060</b>	<b>\$ 781,357</b>	<b>\$ 12,527,540</b>

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

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**STATEMENTS OF CASH FLOWS**  
Year Ended December 31, 2011 and 2010

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<b>Change in Cash and Cash Equivalents:</b>	<u>2011</u>	<u>2010</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (16,945)	\$ 164,854
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donated equipment received	-	(24,000)
Change in value of beneficial interest in assets held by others	(3,498)	-
Depreciation	61,355	55,539
Changes in assets and liabilities:		
Grants and fees receivable	118,149	(435,469)
Accounts receivable - related entity	(9,600)	21,539
Accounts payable and accrued liabilities	(197,194)	60,319
Deferred revenue	79,494	(24,206)
<i>Net cash provided by (used in) operating activities</i>	<u>31,761</u>	<u>(181,424)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	-	(113,583)
Transfers to Community Foundation	(2,250)	(3,280)
<i>Net cash (used in) investing activities</i>	<u>(2,250)</u>	<u>(116,863)</u>
<b>Net change in cash and cash equivalents</b>	29,511	(298,287)
Cash and cash equivalents, beginning of year	<u>147,037</u>	<u>445,324</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 176,548</u>	<u>\$ 147,037</u>
 <i>Supplemental Cash Flows Information:</i>		
Interest paid	<u>\$ 752</u>	<u>\$ 461</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

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

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011 and 2010

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

Area IV Agency on Aging and Community Action Programs, Inc. (the "Organization") is an Indiana nonprofit corporation administering programs that assist older adults and low-income persons in mid-northwest Indiana. Its operations are supported primarily by grants from, and contracts with, government agencies.

**Significant Accounting Policies:**

*Use of estimates:*

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

**Significant estimates used in the accompanying financial statements include:**

- Revenue earned from cost-reimbursement awards. The majority of the Organization's revenue is earned on such awards from governmental agencies that are governed by federal and State cost principles and other administrative and programmatic regulations and are subject to audit by regulatory authorities. It is at least reasonably possible that revenue earned under such awards will be adjusted upon audit.
- The valuation of advances to the related entity, the collectibility of which is largely dependent upon that entity's ability to generate fees from development projects. Such advances have been fully reserved.
- The valuation of the beneficial interest in assets held by others, which is based on the value of the underlying assets, as provided by the Community Foundation that holds the assets, and which approximates the present value of expected future distributions
- The valuation of donated services and facilities, which is based on estimated fair values.
- The allocations of costs among programs and the supporting service, which are based on time and facility usage studies and other methods of cost allocation. Because the Organization receives the majority of its support from grants and contracts awarded through competitive bidding, fund raising costs are not material and are not separately presented in the accompanying financial statements.

**Other significant accounting policies are as follows:**

*Net asset classes:*

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

AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

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*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 statements of activities as net assets released from restrictions.

*Permanently restricted net assets* are those received with permanent donor stipulations. Investment income from permanently restricted net assets that is available for distribution is recorded as an increase in temporarily restricted net assets.

*Cash and cash equivalents:*

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

The grantor for one program requires the Organization to hold cash in a separate account that program. The amounts held in a separate account were \$37,491 and \$66,146 at December 31, 2011 and 2010, respectively.

*Gifts and grants:*

The majority of the Organization's revenue is earned under cost-reimbursement awards from government 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 deferred revenue in the statements of financial position.

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.

The Organization reports gifts and grants 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 statements of activities as net assets released from restrictions.

*Contributed energy assistance payments:*

Beginning in October 2010, Indiana Housing and Community Development Authority ("IHCDA") began making energy assistance payments for participants in the Low Income Home Energy Assistance Program directly to the energy providers on behalf of all entities administering the program. Previously, such payments were made by the Organization to the providers and the Organization was reimbursed by IHCDA. Because the Organization performs all intake functions and is liable for errors made in determining participant eligibility, such payments made by IHCDA to the providers are recorded as both grants revenue and financial assistance expense in the accompanying

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011 and 2010

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financial statements. The Organization recognized \$1,612,906 and \$1,249,977 of revenue and expense in 2011 and 2010, respectively for such payments by made IHADA.

*Contributed services and facilities:*

Contributed services are recognized as revenue 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. The Organization also uses certain facilities for its Head Start program without charge or at reduced charge, and the difference between the fair value for the use of these facilities and the cost is recorded as revenue and expense. Total contributed services and facilities recognized in these financial statements are \$213,240 and \$245,279 for the years ended December 31, 2011 and 2010, respectively. In addition, for the years ended December 31, 2011 and 2010, the Organization received approximately \$202,000 and \$209,000 of contributed services that did not meet the criteria to be recognized in the 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 deferred revenue in the statements of financial position.

*Property and equipment:*

Property and equipment is stated at cost, if acquired or at fair value at the date of receipt, if donated. Depreciation is recorded by the straight-line method over the estimated useful lives of the assets, generally five years for light vehicles and program equipment and seven years for heavy vehicles.

Substantially all of the Organization's property and equipment has been purchased with governmental grant funds. Disposition of these assets, as well as the ownership of any sales proceeds is subject to funding source and other regulatory directives. Because management expects such assets to be used in accordance with the funding sources directives, the cost of the assets is recorded as an asset when they are acquired.

*Beneficial interest in assets held by others:*

The Organization recognizes its beneficial rights in assets held by others unless the donor has granted the recipient organization variance power. However, if the Organization is both the donor and the beneficiary of the assets, those rights are recognized even if the recipient organization has been granted variance power.

The beneficial interest in assets held by others is stated at fair value, based on the value of the underlying assets, as provided by the Community Foundation that holds the assets, which approximates the present value of expected future distributions. Changes in the value of the beneficial interest are included in revenues in the statements of activity.

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011 and 2010

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*Income taxes:*

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code. Consequently, the accompanying financial statements do not include any provision for income taxes. The Organization is classified by the Internal Revenue Service as other than a private foundation under Internal Revenue Code Section 509(a)(1).

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Examples of tax positions include the tax-exempt status of the Organization and positions related to the potential sources of unrelated business taxable income. Management has not identified any uncertain tax positions taken or expected to be taken in a tax return, and there are no unrecognized tax benefits recorded as liabilities in the accompanying financial statements. The Organization classifies interest and penalties, if any, associated with uncertain tax positions as a component of income tax expense. There was no accrued interest or any penalties related to unrecognized tax benefits at either December 31, 2011 or 2010, 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 prior to 2008.

**NOTE 2. GRANTS AND FEES RECEIVABLE**

Grants and fees receivable at both December 31, 2011 and 2010 consist primarily of reimbursements due under government contracts and cost-reimbursement grants. All amounts are due within one year, and no allowance for uncollectibles is considered necessary.

At December 31, 2011, the Organization had received approximately \$3,800,000 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.

**NOTE 3. PROPERTY AND EQUIPMENT**

The cost of property and equipment and the related accumulated depreciation are as follows at December 31, 2011 and 2010, respectively:

	<u>2011</u>	<u>2010</u>
Vehicles	\$ 715,007	\$ 715,007
Program equipment	<u>67,375</u>	<u>67,375</u>
	782,382	782,382
Less accumulated depreciation	<u>(608,247)</u>	<u>(546,892)</u>
<i>Net property and equipment</i>	<u>\$ 174,135</u>	<u>\$ 235,490</u>

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011 and 2010

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**NOTE 4. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Organization is the beneficiary of an endowment fund held by Greater Lafayette Community Foundation (the "Community Foundation"), to which both the Organization and others have donated. The Organization and the other donors have granted the Community Foundation variance power in the determination of annual distributions and transfer of the accounts to other community organizations in certain circumstances. The Organization has made total contributions to the fund of \$20,880, of which \$2,250 was made in 2011, \$3,280 was made in 2010, and \$15,350 was made prior to 2010. The value of the portion of the fund attributable to contributions by the Organization at December 31, 2011 and 2010 is \$24,378 and \$18,630, respectively, which is reported as beneficial interest in assets held by others in the accompanying statements of financial position. The change in the value of the fund was \$3,498, none, respectively, for the years ended December 31, 2011 and 2010, and is reported as such in the accompanying statements of activities. There were no distributions received from the fund in either year.

The value of the portion of the fund attributable to contributions by others at December 31, 2011 and 2010 was \$28 and \$29, respectively, which is not reported an asset in the accompanying financial statements. There were no grants from the portion of the fund attributable to contributions by others during either 2011 or 2010.

**NOTE 5. RELATED ENTITY INFORMATION**

The Organization is related through common management and purpose to Area IV Development, Inc. ("Area IV Development"), an Indiana nonprofit corporation exempt from income tax under Internal Revenue Code Section 501(c)(3). Under Area IV Development's bylaws, the Organization appoints both one-third of Area IV Development's Board of Directors and its President, who must also be the Organization's Executive Director. Area IV Development provides affordable housing projects that benefit low and moderate-income persons, older adults, disabled, and homeless persons.

At December 31, 2011 and 2010 the Organization was owed \$79,990 and \$89,990, respectively, by Area IV Development for advances made to it or real estate development costs and operating expenses. At December 31, 2011, Area IV Development has net assets of approximately \$203,000 and a working capital deficiency of approximately \$3,200. Although management believes that the Organization may be able to ultimately collect the advances made to Area IV Development, this will be dependent on the ability of Area IV Development to generate fees or other income from future development projects, and there can be no assurance that this will occur. Consequently, management has provided an allowance for the entire balance of the advances.

For the years ended December 31, 2011 and 2010, the Organization subcontracted \$51,347 and \$47,776, respectively, of services to Area IV Development that are included in contracted services expense in the accompanying statements of functional expenses. At December 31, 2011 and 2010, the Organization owed Area IV Development \$37,671 and \$47,776, respectively, for these services, which are included in accounts payable and accrued liabilities in the accompanying statements of financial position. Also, included in revenues for the years ended December 31, 2011 and 2010 are \$43,301 and \$30,742, respectively, for shared personnel and administrative services with Area IV Development. At December 31, 2011

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011 and 2010

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and 2010, the Organization was owed \$13,435 and \$3,835, respectively, for these services, which are reported as accounts receivable – related entity in the accompanying statements of financial position.

**NOTE 6. DEBT INFORMATION**

The Organization has a \$250,000 bank line of credit facility, bearing interest at bank prime that is collateralized by deposit accounts. No borrowings were outstanding on the line at either December 31, 2011 or 2010.

The note payable, funding source consists of a promissory note due to Indiana Housing and Economic Development Authority in August 2010. The note is unsecured and bears no interest. The funding source verbally informed the Organization to not repay the loan until notified, which occurred in January 2012 and the loan was repaid at that time.

**NOTE 7. NET ASSET INFORMATION**

Permanently restricted net assets represent the beneficial interest in assets held by the Community Foundation discussed in Note 4.

Net assets were released from restrictions by incurring expenses satisfying restricted purposes as follows for the years ended December 31, 2011 and 2010, respectively:

	<u>2011</u>	<u>2010</u>
Energy assistance and weatherization	\$ 13,276	\$ 17,224
Aging programs	48,003	32,640
Case management	5,161	4,567
Head Start	11,372	11,019
Housing	9,562	4,392
Transportation	4,472	4,147
<i>Total net assets released from restrictions</i>	<u>\$ 91,846</u>	<u>\$ 73,989</u>

**NOTE 8. ENDOWMENT INFORMATION**

The Organization follows the provisions of Accounting Standards Codification (“ASC”) 958-205-50, which provides guidance on the net asset classification and disclosure of endowment funds for nonprofit organizations.

The State of Indiana enacted the *Uniform Prudent Management of Institutional Funds Act of 2006* (“UPMIFA”) effective July 1, 2007, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors and management have determined that certain net assets meet the definition of endowment funds under UPMIFA. These consist of the beneficial interest in assets held by the Community Foundation discussed in Note 4, which was funded by donor-restricted net assets intended to establish an endowment fund for the Organization. The investment and spending policies for this fund are established by the Community Foundation’s governing body and are not under the control of

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011 and 2010

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the Organization. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in the endowment for the years ended December 31, 2011 and 2010, respectively, are as follows:

	<u>2011</u>	<u>2010</u>
Balance beginning of year	\$ 18,630	\$ 15,350
Contributions	2,250	3,280
Change in value	<u>3,498</u>	<u>-</u>
<i>Balance end of year</i>	<u>\$ 24,378</u>	<u>\$ 18,630</u>

**NOTE 9. LEASE INFORMATION**

The Organization leases facilities and equipment under non-cancellable operating leases expiring in various years through 2016. Minimum future rental payments under these leases as of December 31, 2011 for each of the next five years and in the aggregate are as follows:

2012	\$ 174,445
2013	155,078
2014	111,300
2015	41,483
2016	<u>20,742</u>
<i>Total minimum future rental payments</i>	<u>\$ 503,048</u>

Total rent expense was \$201,650 and \$200,542 for the years ended December 31, 2011 and 2010, respectively.

**NOTE 10. PENSION PLAN**

The Organization maintains a defined-contribution pension plan covering substantially all its employees after two years of service. Pension expense was \$66,187 and \$60,556 for the years ending December 31, 2011 and 2010, respectively.

**NOTE 11. FAIR VALUE MEASUREMENTS**

Accounting Standards Codification (ASC) Section 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the entity's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2011 and 2010

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- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair value of assets measured on a recurring basis at December 31, 2011 and 2010, respectively, is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
For 2011:				
Beneficial interest in assets held by others	\$ <u>24,378</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>24,378</u>
For 2010:				
Beneficial interest in assets held by others	\$ <u>18,630</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>18,630</u>

Fair value for the beneficial interest in assets held by others (the Community Foundation fund discussed in Note 4) is based on the fair value of the underlying assets, as provided by the Community Foundation that holds the assets, which approximates the present value of expected future distributions.

The following is a reconciliation of beginning and ending balances of the fair value of assets measured by Level 3 inputs for the years ended December 31, 2011 and 2010, respectively:

	<u>2011</u>	<u>2010</u>
Beneficial interest in assets held by others:		
Fair value beginning of year	\$ 18,630	\$ 15,350
Transfers to Community Foundation	2,250	3,280
Change in value	<u>3,498</u>	<u>-</u>
<i>Fair value end of year</i>	<u>\$ 24,378</u>	<u>\$ 18,630</u>

**NOTE 12. CONCENTRATIONS**

All of the Organization's programs and activities occur in mid-northwestern Indiana. Consequently, its sources of support and revenue may be affected by conditions in that area.

Revenues from governmental sources were approximately 92% and 94% of total revenues for the years ended December 31, 2011 and 2010, respectively. In addition, for the years ended December 31, 2011 and 2010, approximately 50% and 56%, respectively, of total revenues were received from Indiana Housing and Community Development Authority; approximately 31% and 28%, respectively, of total revenues were received from Indiana Family and Social Services Administration; and approximately 10% and 9%, respectively, of total revenues

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011 and 2010

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were received from U.S. Department of Health and Human Services for the Head Start program.

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and grants and fees receivable. The Organization has cash on deposit with a financial institution that, at times, may exceed the insurance limit of the Federal Deposit Insurance Corporation or that is not covered by such insurance. At December 31, 2011, the Organization had approximately \$109,000 cash on deposit with one financial institution that was not covered by federal insurance but that was collateralized by marketable securities with an estimated fair value in excess of the uninsured amount.

Grants and fees receivable are due primarily from agencies of the State of Indiana, which represents a concentration of credit risk.

**NOTE 13. SUBSEQUENT EVENTS INFORMATION**

The date through which events occurring subsequent to December 31, 2011 have been evaluated for possible adjustment to the financial statements or disclosure is August 14, 2012, the date on which the financial statements were available to be issued. Management identified no such events.

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS**  
Year Ended December 31, 2011

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract or Agreement Numbers</u>	<u>Federal Expenditures</u>	<u>American Recovery and Reinvestment Act Expenditures</u>
<b>Federal Assistance</b>				
<i>United States Department of Agriculture:</i>				
Passed-Through Indiana Department of Education:				
Child and Adult Care Food Program	10.558	1790160	\$ 89,104	\$ -
<i>United States Department of Housing and Urban Development:</i>				
Passed-through Indiana Housing and Community Development Authority:				
CDBG-Entitlement Grants Cluster:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	DR2OR-009-021	127,106	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	DFG-010-102	8,738	-
<i>Total CDBG-Entitlement Grants cluster</i>			<u>135,844</u>	<u>-</u>
ARRA-Homelessness Prevention and Rapid Rehousing Program	14.257	HPRP-09-02	277,172	277,172
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	SH-006-015	865,092	-
<i>Total United States Department of Housing and Urban Development</i>			<u>1,278,108</u>	<u>277,172</u>
<i>United States Department of Transportation:</i>				
Passed-through Indiana Department of Transportation:				
Federal Transit Cluster:				
Federal Transit - Formula Grants	20.507	A249-10-320384A	44,198	-
<i>United States Department of Energy:</i>				
Passed-through Indiana Housing and Community Development Authority:				
Weatherization Assistance for Low-Income Persons	81.042	WX-011-003	228,823	-
ARRA-Weatherization Assistance for Low-Income Persons	81.042	HEC-010-003	1,017,840	1,017,840
ARRA-Weatherization Assistance for Low-Income Persons-Loan	81.042	LOC-009-003	100,000	100,000
<i>Total United States Department of Energy</i>			<u>1,346,663</u>	<u>1,117,840</u>
<i>United States Department of Health and Human Services:</i>				
Head Start Cluster:				
Head Start	93.600	05CH4045/20	1,105,053	-
Passed-through Indiana Family and Social Services Administration:				
Special Programs for the Aging-Title VII-Long Term Care Ombudsman Services for Older Individuals	93.042	79-12/10-2V-1541-03/04	10,305	-
Title IIID - Disease Prevention and Health Promotion Services	93.043	79-12/10-OV-1541-09/10	21,583	-

The accompanying notes are an integral part of this schedule.

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS**  
Year Ended December 31, 2011

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract or Agreement Numbers</u>	<u>Federal Expenditures</u>	<u>American Recovery and Reinvestment Act Expenditures</u>
<b>Aging Cluster:</b>				
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	79-12-OV-1541-02	97,310	-
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	79-12/10-OV-1541-01/02	332,850	-
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	79-12/10-OV-1541-03/04/08	560,762	-
Nutritional Services Incentive Program	93.053	79-12/10-02-1541-01/02	152,315	-
<i>Total aging cluster</i>			<u>1,143,237</u>	<u>-</u>
National Family Caregiver Support	93.052	79-12/10-OV-1541-06/12	115,374	-
Social Services Block Grant	93.667	79-12/10-OG-1541-01/02	274,776	-
ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725	A345-0-79-10-SM-1541	19,502	19,502
Medical Assistance Program	93.778	79-12/10-70-1541-01/02	304,855	-
<b>Passed-through Indiana Housing and Community Development Authority:</b>				
Low-Income Home Energy Assistance	93.568	LI-009-03/003	1,975,820	-
Low-Income Home Energy Assistance	93.568	WL-008-003 & WL-011-003	444,931	-
<i>Total Low-Income Home Energy Assistance</i>			<u>2,420,751</u>	<u>-</u>
<b>CSBG Cluster:</b>				
Community Services Block Grant	93.569	CS-010-003	409,379	-
<i>Total United States Department of Health and Human Services</i>			<u>5,824,815</u>	<u>19,502</u>
<i>Total federal expenditures</i>			<u>\$ 8,582,888</u>	<u>\$ 1,414,514</u>
<b><u>Nonfederal Assistance</u></b>				
Medicaid Waiver Administration and Medicaid Reimbursements			<u>\$ 281,238</u>	<u>\$ -</u>
<b>Indiana Family and Social Services Administration:</b>				
Older Hoosier Act		79-12/10-OM-1541-01/02	64,583	-
CHOICE		79-12/10-10-1541-01/02	1,156,297	-
Assisted Living Ombudsman		79-12/10-2V-1541-01/02	17,353	-
Aging and Disability Resource Center		79-10-5K-1541-02	55,813	-
RCAP		79-12-TN-1541-01	2,730	-
Senior Health Insurance Information Program		A43-10-IDOI-A4AACAP	23,178	-
<i>Total Family and Social Services Administration</i>			<u>1,319,954</u>	<u>-</u>
<b>Indiana Department of Transportation:</b>				
Section 5311 grant - state portion			7,355	-
<i>Total nonfederal expenditures</i>			<u>\$ 1,608,547</u>	<u>\$ -</u>
<b>Total expenditures of federal and nonfederal awards</b>			<u>\$ 10,191,435</u>	<u>\$ 1,414,514</u>

The accompanying notes are an integral part of this schedule.

**AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS**  
Year Ended December 31, 2011

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**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and nonfederal awards (the "Schedule") includes the federal and nonfederal grant activities of Area IV Agency and Community Action Programs, Inc. (the "Organization"), and is presented in conformity with accounting principles generally accepted in the United States of America. The information in the Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the Organization's operations, it is not intended to and does not present the Organization's financial position, changes in net assets, or cash flows.

**NOTE 2. 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.

Beginning in October 2010, Indiana Housing and Community Development Authority ("IHCDA") began making energy assistance payments for participants in the Low Income Home Energy Assistance Program directly to the energy providers on behalf of all entities administering the program. Previously, such payments were made by the Organization to the providers and the Organization was reimbursed by IHCDA. Because the Organization performs all intake functions and is liable for errors made in determining participant eligibility, such payments made by IHCDA to the providers, totaling \$1,612,906, are included in federal expenditures in the accompanying Schedule.

**NOTE 3. SUBRECIPIENTS**

The Organization provided federal awards to subrecipients under the following programs during the year ended December 31, 2011:

Title VII – Long-Term Care Ombudsman Services for Older Individuals, CFDA #93.042	\$ 10,305
Title IIIB – Grants for Supportive Services and Senior Centers, CFDA #93.044	173,794
Title IIIC – Nutrition Services, CFDA #93.045	560,761
Community Services Block Grant, CFDA #93.569	51,347
<i>Total</i>	<u>\$ 796,207</u>



**CULLAR & ASSOCIATES, PC**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Area IV Agency on Aging and Community Action Programs, Inc.  
Lafayette, Indiana

We have audited the financial statements of Area IV Agency on Aging and Community Action Programs, Inc. (the "Organization") as of and for the year ended December 31, 2011, and have issued our report thereon dated August 14, 2012. 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 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 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 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.*

August 14, 2012



# CULLAR & ASSOCIATES, PC

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## 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  
Area IV Agency on Aging and Community Action Programs, Inc.  
Lafayette, Indiana

### Compliance

We have audited Area IV Agency on Aging and Community Action Programs, Inc.'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 December 31, 2011. 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, Area IV Agency on Aging and Community Action Programs, Inc. 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 December 31, 2011.

### Internal Control Over Compliance

Management of Area IV Agency on Aging and Community Action Programs, 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 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 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.*

August 14, 2012

AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended December 31, 2011

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

No matters were reported.

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

No matters were reported.



AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended December 31, 2011

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**Section 1-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?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs-	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs-	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.257	ARRA - Homelessness Prevention and Rapid Rehousing Program
81.042	Weatherization Assistance for Low-Income Persons; ARRA-Weatherization Assistance for Low-Income Persons
93.568	Low-Income Home Energy Assistance
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2011

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

None

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

None

