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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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October 23, 2014

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

We have reviewed the audit report prepared by Wipfli LLP, for the period November 1, 2010 to October 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 of Northeast Indiana, Inc., as of October 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

Community Action of Northeast Indiana, Inc. and Subsidiaries

Fort Wayne, Indiana

Consolidated Financial Statements and Additional Information

Year Ended October 31, 2011

Community Action of Northeast Indiana, Inc. and Subsidiaries

Consolidated Financial Statements and Additional Information
Year Ended October 31, 2011

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WIPFLi LLP

Independent Auditor's Report

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

We have audited the accompanying consolidated statement of financial position of Community Action of Northeast Indiana, Inc. and Subsidiaries as of October 31, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of Community Action of Northeast Indiana, Inc. and Subsidiaries' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Hopewell Pointe GP, Inc. and Energy Savers Consultants, LLC were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Action of Northeast Indiana, Inc. and Subsidiaries at October 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2012, on our consideration of Community Action of Northeast Indiana, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements of Community Action of Northeast Indiana, Inc. and Subsidiaries taken as a whole. The accompanying schedule of program activity, Schedules A-1 to A-8, and schedule of expenditures of federal awards, Schedules B-1 to B-2, which includes the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic consolidated financial statements taken as a whole.

Wipfli LLP

Wipfli LLP

April 13, 2012
Madison, Wisconsin

Community Action of Northeast Indiana, Inc. and Subsidiaries

Consolidated Statement of Financial Position

October 31, 2011

Assets		
Current assets:		
Cash and cash equivalents	$	894,150
IDA fund cash		79,934
Grants receivable		1,175,311
Accounts receivable		42,200
Prepaid expenses		154,009
Property available for sale		77,197
Developer fee receivable		90,457
Loans receivable, net		8,150
Total current assets		2,521,408
Other assets:		
Interest in investment held by a community foundation		18,564
Investments		569,585
Loan receivable		400,000
Total other assets		988,149
Property and equipment, net		2,160,568
TOTAL ASSETS	$	5,670,125
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$	308,305
Accrued payroll and related expenses		246,771
Accrued vacation		304,105
Grant funds received in advance		396,456
Notes payable		147,136
IDA fund liability		79,934
Total current liabilities		1,482,707
Long-term liabilities:		
Loan payable		400,000
Total liabilities		1,882,707
Unrestricted net assets:		
Unrestricted		3,579,955
Unrestricted - Board designated		18,564
Total unrestricted net assets		3,598,519
Temporarily restricted net assets		188,899
Total net assets		3,787,418
TOTAL LIABILITIES AND NET ASSETS	$	5,670,125

See accompanying notes to consolidated financial statements.

Community Action of Northeast Indiana, Inc. and Subsidiaries

Consolidated Statement of Activities
Year Ended October 31, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant revenue	$ 19,528,211	$ 60,000	$ 19,588,211
Donations	40,895	0	40,895
Investment loss	(16,338)	0	(16,338)
Proceeds from sale of home	79,900	0	79,900
Developer fee	90,457	0	90,457
Fee for service	167,421	128,202	295,623
Other income	228,870	697	229,567
In-kind contributions	1,277,872	0	1,277,872
Net assets released from restriction through satisfaction of program restrictions	72,386	(72,386)	0
Total revenue	21,469,674	116,513	21,586,187
Expenses:			
Program Activities			
Child care development	453,813	0	453,813
Child education	7,150,786	0	7,150,786
Housing	1,348,237	0	1,348,237
Linkages with other programs	922,362	0	922,362
Self-sufficiency	831,049	0	831,049
Nutrition	286,194	0	286,194
Weatherization and energy	9,096,648	0	9,096,648
Agency operations	108,490	0	108,490
Total program activities	20,197,579	0	20,197,579
Management and general	1,054,756	0	1,054,756
Fund-raising	7,440	0	7,440
Total expenses	21,259,775	0	21,259,775
Change in net assets	209,899	116,513	326,412
Net assets - Beginning of year	3,388,620	72,386	3,461,006
Net assets - End of year	$ 3,598,519	$ 188,899	$ 3,787,418

See accompanying notes to consolidated financial statements.

Community Action of Northeast Indiana, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

Year Ended October 31, 2011

Increase (decrease) in:	
Cash flows from operating activities:	
Change in net assets	$ 326,412
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net unrealized loss on investments	31,985
Depreciation	169,196
Change in interest in investment held by a community foundation	(7,229)
Loan loss reserve	15,000
Changes in operating assets and liabilities:	
IDA fund cash	(1,995)
Grants receivable	(161,973)
Accounts receivable	9,785
Prepaid expenses	63,685
Developer fee receivable	(90,457)
Accounts payable	(11,264)
Accrued payroll and related expenses	7,947
Accrued vacation	(20,362)
Grant funds received in advance	47,760
IDA fund liability	1,995
Net cash provided by operating activities	380,485
Cash flows from investing activities:	
Issuance of loans receivable	(23,150)
Issuance of forgivable loan receivable	(400,000)
Investment in limited partnership	(100)
Property available for sale	90,620
Capital expenditures	(23,348)
Purchase of investments	(539,044)
Proceeds from sale of investments	270,000
Net cash used in investing activities	(625,022)
Cash flows from financing activities:	
Proceeds from forgivable loan payable	400,000
Payments on notes payable	(94,270)
Net cash provided by financing activities	305,730
Change in cash and cash equivalents	61,193
Cash and cash equivalents - Beginning of year	832,957
Cash and cash equivalents - End of year	$ 894,150

See accompanying notes to consolidated financial statements.

Note 1 Summary of Significant Accounting Policies

Nature of Activities

Community Action of Northeast Indiana, Inc. (CANI) was organized as a nonprofit corporation in 1965. CANI was formed to develop and provide resources for the purpose of assisting low-income individuals in six counties of northeast Indiana through a variety of programs. CANI is primarily supported through federal and state government grants. Approximately 31% of CANI's grant revenue was provided under a Head Start grant and 36% provided under a LIHEAP grant, both funded by the Department of Health and Human Services. Approximately 13% of CANI's grant revenue was provided under a Weatherization grant funded by the Department of Energy.

Basis of Presentation

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

Principles of Consolidation

The consolidated financial statements include the accounts of Hopewell Pointe GP, Inc. and Energy Savers Consultants, LLC, which are wholly owned subsidiaries of CANI. Collectively, the entities are referred to as the "Organizations." Hopewell Pointe, GP, Inc. was established for the purpose of assisting low-to-moderate income families obtain housing. Energy Savers Consultants, LLC was formed with the intention of performing energy and weatherization audits as a fee-for-service activity. All material inter-company transactions and accounts are eliminated in consolidation.

Classification of Net Assets

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Classification of Net Assets

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

Use of Estimates

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

Revenue Recognition

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

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

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

A. Grant Awards that are Contributions

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

B. Grant Awards that are Exchange Transactions

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

Note 1 Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable represent amounts due from various entities for performance contracts. Amounts are reviewed for collectability by management, and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. Management considers these receivables to be collectible, and therefore, no allowance for uncollectible amounts has been recorded. If an amount becomes delinquent after all collection efforts have failed, the account is written off.

Loans Receivable

CANI operates a loan program funded by Indiana Housing and Community Development Authority (IHCDA) that provides capital to employees and small businesses. The employee loans are to be repaid over a time period of up to 18 months, and have a flat fee associated with them based on the loan amount. The small business loans are funded by IHCDA, and in part by the Indiana Commission on Hispanic/Latino Affairs. The small business loans can be startup, existing business or credit builder loans. The startup and existing business loans are to be repaid over five years and interest is charged at 8.25%. The credit builder loans have a term of two years and are charged a flat fee of $60. The loans receivable represents the unpaid principal balance, net of reserve. CANI has established a loan loss reserve in the amount of $15,000 at October 31, 2011. Amounts are reviewed for collectability by management, and a loan loss reserve is recorded as needed based on collection history and customer attributes. If an amount becomes delinquent after all collection efforts have failed, the account will be written off against this loan loss reserve.

Developer Fee Receivable

CANI received funds to provide financing to Hopewell Pointe Limited Partnership, Inc. for the construction of low-income single family homes. The loan was recorded at the amount of unpaid principal. Developer fee receivable is recorded as earned in accordance with the construction contract. Management evaluates collectability of these receivables based on the overall financial position of the limited partnership. The housing project is still under development and management will evaluate collectability of the receivables after construction is complete.

Cash and Cash Equivalents

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

Note 1 Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable market values and all investments in debt securities are reported at their fair values on the consolidated statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in unrestricted revenue unless the income or loss is restricted by donor or law. Investment in limited liability partnership in which CANI owns less than 1% is recorded on the equity method as it is a general partner or managing member in the partner or LLC. See related party note 16.

Fair Value Measurements

The Organizations measure the fair value of its investments using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organizations have the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 1 Summary of Significant Accounting Policies (Continued)

Property Available for Sale

Housing acquisition, rehabilitation, and personnel costs related to the rehabilitation of properties, other than costs paid by grant funds (see previous note on revenue recognition), are capitalized and are recorded at the lower of cost or market. The costs are charged to expense in the period the properties are sold.

Property and Equipment

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

Property and equipment acquired with grant funds are owned by CANI while used in the programs for which they were purchased or in other future authorized programs. However, the funding sources have a reversionary interest in assets purchased with grant funds. Their disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations. The net book value of grant-funded property and equipment was $697,588 at October 31, 2011.

Income Taxes

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

Hopewell Pointe GP, Inc. is a for-profit, wholly owned subsidiary, which is subject to federal and state income taxes. There is no tax provision for Hopewell Pointe GP, Inc. for the year ended October 31, 2011.

Energy Savers Consultants, LLC is a wholly owned limited liability company and, therefore, treated as a disregarded entity for tax purposes. CANI is the sole member and the activity of the LLC is included in CANI's annual federal return filed with the Internal Revenue Service (IRS). There is no tax provision for Energy Savers Consultants, LLC for the year ended October 31, 2011.

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

Income Taxes (Continued)

The Organizations are required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements. The Organizations have determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for the tax years 2007, and beyond remain subject to examination by the Internal Revenue Service.

In-Kind Contributions

CANI has recorded in-kind contributions for space, materials and professional services in the consolidated statement of activities in accordance with a financial accounting standard. This standard requires that only contributions of services received that create or enhance a non-financial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of this standard are different than the in-kind requirements of several of CANI's grant awards. CANI received contributions of nonprofessional volunteers during the year with a value of $1,016,469, for its Head Start program, which are not recorded in the consolidated statement of activities.

Cost Allocation

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

Note 2 **Concentration of Credit Risk**

CANI maintains cash balances at three banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. CANI has a daily sweep agreement with one of the banks to sweep the funds into an interest bearing money market account at the same bank. At times during the year, the balance in the other accounts may exceed federally insured limits. Management believes the financial institutions have a strong credit rating and credit risk related to these deposits is minimal.

Note 3 Investments

Investments recorded at fair value at October 31, 2011, are as follows:

Mutual funds	$ 331,331
Corporate bonds	238,154
Investment in limited partnership	100
Total investments	$ 569,585

Investment return consisted of the following at October 31, 2011:

Interest and dividends	$ 15,647
Net unrealized loss	(31,985)
Total investment loss	$ (16,338)

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

Note 4 Interest in Investment Held by a Community Foundation

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

CANI has granted variance power to the Foundation. As such, the Board of Directors of the Foundation has the power to modify any restriction or condition on the distribution of the funds if, in their judgment, such restrictions become inconsistent with the charitable needs of CANI or inconsistent with the charitable needs served by the Foundation. The interest in investment held by a community foundation is shown on the consolidated statement of financial position as unrestricted board designated net assets as it was transferred to the Foundation by CANI who specified themselves as the beneficiary. Any changes in the fund are included in other income, as a change in unrestricted net assets on the consolidated statement of activities.

A schedule of activity in the fund for the year ended October 31, 2011, is as follows:

Beginning balance	$ 11,335
Contributions	8,955
Change in interest in investment held by community foundation	(1,726)
Ending balance	$ 18,564

Note 5 Endowment

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

CANI can receive up to 4% of the principal each year to be appropriated by the Board of Directors or the amount can remain in the endowment fund and reinvested. In addition, the Foundation at which the funds are held will match 20% of the third-party contributions made during each year up to $10,000. This match will be recorded as permanently restricted net assets. There were no material third-party contributions or matching contributions during the year ended October 31, 2011.

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

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

The change in endowment funds was as follows:

	Unrestricted - Board designated
Endowment at beginning of year	$ 11,335
Contributions	8,955
Interest and dividends	442
Expenses	(130)
Net depreciation	(2,038)
Endowment at end of year	$ 18,564

Note 6 Fair Value Measurements

The following describes a fair value hierarchy that includes three levels of inputs to be used to measure fair value. In general, the Organizations determine fair values for internationals equity mutual funds, US equity mutual funds, and bond mutual funds utilizing quoted market prices in active markets. Corporate bonds and an interest in investment held by a community foundation are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Organizations believe its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Information regarding the fair value of assets measured at fair value on a recurring basis as of October 31, 2011, is as follows:

		Recurring Fair Value Measurements Using		
	Total Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate bonds	$ 55,646	$ 0	$ 55,646	$ 0
International equity mutual funds	50,199	50,199	0	0
US equity mutual funds	281,132	281,132	0	0
Bond mutual funds	182,508	182,508	0	0
Interest in investment held by a community foundation	18,564	0	18,564	0
Totals	$ 588,049	$ 513,839	$ 74,210	$ 0

The Organizations do not have any liabilities measured at fair value on a recurring basis nor any assets or liabilities measured at fair value on a nonrecurring basis.

Note 7 Grants Receivable

Grants receivable consisted of the following at October 31, 2011:

Federal programs	$ 597,176
Pass through federal and state programs	499,955
Other programs	78,180
Total	$ 1,175,311

Note 8 Property and Equipment

Property and equipment consisted of the following at October 31, 2011:

Land	$ 243,413
Building and improvements	2,329,626
Equipment	205,733
Vehicles	483,632
Total property and equipment	3,262,404
Less - Accumulated depreciation	1,101,836
Property and equipment - Net	$ 2,160,568

Note 9 Individual Development Accounts

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

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

Match funds are deposited in the joint account directly by the funding source and are not recorded as revenue or expense on CANI's general ledger as they are treated as a fiscal agent. To access the funds, the participant needs authorization from CANI. The balance of match funds in these accounts as of October 31, 2011, was $79,934. This is recorded as IDA fund cash and IDA fund liability on the consolidated statement of financial position.

Note 10 Line of Credit

CANI has an unsecured line of credit for $500,000 with PNC Bank. This line of credit has a variable interest rate of 1% over the bank's index rate (which is equal to the prime rate, and was 3.25% as of October 31, 2011) and matures April 30, 2012. There was no outstanding balance at October 31, 2011.

Note 11 **Notes Payable**

During the prior year, CANI signed an unsecured promissory note with IHCDA for the American Recovery and Reinvestment Act (ARRA) Home Energy Conservation program. This note is for $100,000, and is non-interest bearing with no principal payments required until maturity. This note was paid in full on January 26, 2012.

CANI also has an unsecured promissory note from IHCDA for the Homeless Prevention and Rapid Re-housing Program in the amount of $141,406. This note requires no payments or interest and is due September 30, 2012, when the program ends. During the fiscal year, CANI made two payments of $47,135 on this note, bringing the October 31, 2011, balance to $47,136.

Note 12 **Retirement Plan**

CANI has a defined contribution plan under Section 403(b) of the Internal Revenue Code. Employees are eligible to participate in deferral to the plan upon hire. Employees are eligible for employer match after they have been employed by CANI for one year and are at least 21 years of age. Employees are fully vested after five years of service. Contributions to the plan are at the discretion of CANI. CANI's contribution for the year ended October 31, 2011, was $149,699.

Note 13 **Operating Leases**

CANI leases various facilities and equipment for the operation of its programs. The operating lease payments for the year ended October 31, 2011, were $450,897.

Minimum future rental payments under these lease agreements consisted of the following at October 31, 2011:

2012	$ 384,154
2013	342,275
2014	331,007
2015	298,740
2016	100,556
Total	$ 1,456,732

Note 14 **Grant Awards**

At October 31, 2011, CANI had commitments under various grants of approximately $9,500,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

Note 15 Temporarily Restricted Net Assets

CANI has a temporarily restricted net asset balance at October 31, 2011, of $188,899 consisting of $128,202 in voucher revenue from the state Child Care Development Fund to be used in the child care program and $60,697 in Community Services Block Grant funds to be used in the Business Enterprise and Economic Development program.

Note 16 Related Party

CANI has formed a wholly owned subsidiary, Hopewell Pointe GP, Inc., for the purpose of assisting low-to-moderate income families obtain housing. Hopewell Pointe GP, Inc. is developing a 35 single family home project, which qualifies for low income housing tax credits under Section 42 of the Internal Revenue Code. Hopewell Pointe GP, Inc. has invested in Hopewell Pointe Limited Partnership (HPLP) to accomplish this objective. Hopewell Pointe GP, Inc.'s investment in HPLP was $100 as of October 31, 2011, and represents a .09% ownership in HPLP as the general partner.

CANI was awarded a $400,000 deferred forgivable loan from Tower Bank & Trust Company from Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP) funds. CANI in turn signed a promissory note and loaned $400,000 to HPLP at 3% interest annually, with principal and interest due at maturity in March of 2041. In accordance with the award to CANI, HPLP agrees to retain ownership of the property throughout the affordability period of 15 years. In the event that HPLP defaults on any of the contractual arrangements or sells the property, the loan will be immediately due and payable.

Note 17 Subsequent Events

Subsequent to year end, CANI formed a wholly-owned non-profit subsidiary named CANI's Center for Community and Economic Development, Inc. This corporation was formed for the purposes of operating CANI's revolving loan program, for their employee loan fund and business loan fund.

Additional Information

Community Action of Northeast Indiana, Inc. and Subsidiaries

Schedule A-1

Schedule of Program Activity

Year Ended October 31, 2011

		FEDERAL PROGRAMS						
		USDA	Department of Housing and Urban Development					DOE
		10.558	14.238	14.257 - ARRA			14.871	81.042
	Total	Child and Adult Care Food Program (1)	Shelter Plus Care (2)	Homeless Prevention Rapid Rehousing ARRA (3)	HPRP ARRA City of Fort Wayne (4)	14.257-ARRA Subtotal	Section 8 Housing Choice Vouchers (5)	Weatherization Assistance Program (6)
REVENUE								
Grant revenue	$ 19,588,211	$ 301,140	$ 288,028	$ 666,213	$ 131,640	$ 797,853	$ 620,763	$ 141,781
Donations	40,895	0	0	0	0	0	0	0
Investment loss	(16,338)	0	0	0	0	0	0	0
Proceeds from sale of home	79,900	0	0	0	0	0	0	0
Developer fee	90,547	0	0	0	0	0	0	0
Fee for service	295,623	0	0	0	0	0	0	0
Other income	229,477	0	0	29	0	29	0	0
In-kind contributions	1,277,872	0	0	0	0	0	0	0
Total Revenue	21,586,187	301,140	288,028	666,242	131,640	797,882	620,763	141,781
EXPENSES								
Personnel	6,115,569	0	71,082	142,238	43,804	186,042	1,259	38,387
Consultants and contract labor	1,590,442	0	616	62,018	293	62,311	1,771	11,991
Travel	243,697	0	795	8,815	485	9,300	7,210	19,050
Occupancy	564,139	0	385	2,930	0	2,930	3,100	753
Depreciation	169,196	0	0	0	0	0	0	0
Minor equipment	101,402	0	0	0	0	0	0	0
Client assistance	7,818,591	301,118	207,887	438,588	79,283	517,871	596,910	11,703
Materials and supplies	1,337,271	22	7	6,323	346	6,669	1,236	18,483
Telephone and postage	108,960	0	929	1,708	0	1,708	2,972	167
Other	327,676	0	586	262	5	267	967	603
Shared costs	1,604,960	0	10,241	46,218	7,424	53,642	20,540	40,648
Transfers	0	0	(4,500)	(42,858)	0	(42,858)	(15,202)	(4)
In-kind expenses	1,277,872	0	0	0	0	0	0	0
Total Expenses	21,259,775	301,140	288,028	666,242	131,640	797,882	620,763	141,781
Change in Net Assets	326,412	0	0	0	0	0	0	0
Net assets - Beginning of year	3,461,006	0	0	0	0	0	0	0
NET ASSETS - End of year	$ 3,787,418	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc. and Subsidiaries

Schedule A-2

Schedule of Program Activity

Year Ended October 31, 2011

	FEDERAL PROGRAMS							
	Department of Energy		Department of Health and Human Services					
	81.042 - ARRA		93.568			93.569		
	Home Energy Conservation ARRA (7)	81.042 and 81.042 - ARRA Subtotal	Low-Income Home Energy Assistance (8)	Low-Income Home Energy Assistance (9)	93.568 Subtotal	Community Services Block Grant (10)	Community Services Block Grant - BEED (11)	93.569 Subtotal
REVENUE								
Grant revenue	$ 2,331,745	$ 2,473,526	$ 597,468	$ 6,372,090	$ 6,969,558	$ 947,475	$ 60,000	$ 1,007,475
Donations	0	0	0	0	0	0	15,000	15,000
Investment loss	0	0	0	0	0	0	0	0
Proceeds from sale of home	0	0	0	0	0	0	0	0
Developer fee	0	0	0	0	0	0	0	0
Fee for service	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	8,751	8,751
In-kind contributions	0	0	0	0	0	0	0	0
Total Revenue	2,331,745	2,473,526	597,468	6,372,090	6,969,558	947,475	83,751	1,031,226
EXPENSES								
Personnel	414,446	452,833	273,620	318,738	592,358	0	7,197	7,197
Consultants and contract labor	509,692	521,683	127,519	60,581	188,100	2,453	0	2,453
Travel	11,961	31,011	1,491	11,927	13,418	1,813	240	2,053
Occupancy	39,995	40,748	1,866	43,672	45,538	1	0	1
Depreciation	0	0	0	0	0	0	0	0
Minor equipment	0	0	0	0	0	0	0	0
Client assistance	368,085	379,788	0	5,681,144	5,681,144	14	0	14
Materials and supplies	762,475	780,958	134,068	27,653	161,721	1,569	0	1,569
Telephone and postage	9,883	10,050	514	16,081	16,595	468	0	468
Other	21,151	21,754	600	6,587	7,187	13,645	15,000	28,645
Shared costs	244,868	285,516	77,751	233,395	311,146	157,465	617	158,082
Transfers	(50,811)	(50,815)	(19,961)	(27,688)	(47,649)	770,047	0	770,047
In-kind expenses	0	0	0	0	0	0	0	0
Total Expenses	2,331,745	2,473,526	597,468	6,372,090	6,969,558	947,475	23,054	970,529
Change in Net Assets	0	0	0	0	0	0	60,697	60,697
Net assets - Beginning of year	0	0	0	0	0	0	0	0
NET ASSETS - End of year	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 60,697	$ 60,697

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc. and Subsidiaries

Schedule A-3
Schedule of Program Activity
Year Ended October 31, 2011

	FEDERAL PROGRAMS								
	Department of Health and Human Services							CNCS	
	93.596	93.600			93.709 - ARRA		93.602	94.006	
	Child Care Development Fund (12)	Head Start Program (13)	Head Start Body Start (14)	93.600 Subtotal	Early Head Start Program (15)	Cluster 93.600, and 93.709 - ARRA Subtotal	Assets for Independence Program (16)	AmeriCorps (17)	Total Federal Funds
REVENUE									
Grant revenue	$ 477,513	$ 5,170,689	$ 3,775	$ 5,174,464	$ 945,006	$ 6,119,470	$ 4,403	$ 194	$ 19,059,923
Donations	0	0	0	0	0	0	5,000	0	20,000
Investment loss	0	0	0	0	0	0	0	0	0
Proceeds from sale of home	0	0	0	0	0	0	0	0	0
Developer fee	0	0	0	0	0	0	0	0	0
Fee for service	0	0	0	0	0	0	0	0	0
Other income	0	17,000	0	17,000	0	17,000	54	0	25,834
In-kind contributions	0	2,044,249	0	2,044,249	250,092	2,294,341	0	0	2,294,341
Total Revenue	477,513	7,231,938	3,775	7,235,713	1,195,098	8,430,811	9,457	194	21,400,098
EXPENSES									
Personnel	241,312	3,397,990	0	3,397,990	460,324	3,858,314	16,358	0	5,426,755
Consultants and contract labor	10,746	763,681	0	763,681	12,641	776,322	0	0	1,564,002
Travel	9,164	70,400	0	70,400	59,328	129,728	790	194	203,663
Occupancy	50,826	308,639	0	308,639	54,759	363,398	0	0	506,926
Depreciation	0	0	0	0	0	0	0	0	0
Minor equipment	0	3,259	3,775	7,034	112,523	119,557	0	0	119,557
Client assistance	0	42,802	0	42,802	454	43,256	51	0	7,728,039
Materials and supplies	19,193	133,804	0	133,804	49,624	183,428	0	0	1,154,803
Telephone and postage	19,033	28,235	0	28,235	9,871	38,106	157	0	90,018
Other	5,942	78,682	0	78,682	40,058	118,740	0	0	184,088
Shared costs	159,211	361,215	0	361,215	147,849	509,064	71	0	1,507,513
Transfers	(37,914)	(1,018)	0	(1,018)	(2,425)	(3,443)	(7,970)	0	559,696
In-kind expenses	0	2,044,249	0	2,044,249	250,092	2,294,341	0	0	2,294,341
Total Expenses	477,513	7,231,938	3,775	7,235,713	1,195,098	8,430,811	9,457	194	21,339,401
Change in Net Assets	0	0	0	0	0	0	0	0	60,697
Net assets - Beginning of year	0	0	0	0	0	0	0	0	0
NET ASSETS - End of year	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 60,697

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc. and Subsidiaries

Schedule A-4
Schedule of Program Activity
Year Ended October 31, 2011

	STATE AND LOCAL PROGRAMS							
	Family Development (18)	Family Support UW (19)	Family Development UW (20)	NIPSCO Weatherization (21)	Furnace for Low-Income Individuals (22)	Head Start Assistance (23)	CSBG Community Action Program (24)	Gold Star Program (25)
REVENUE								
Grant revenue	$ 2,500	$ 26,940	$ 44,511	$ 24,039	$ 92,500	$ 7,322	$ 64,924	$ 1,231
Donations	1,030	0	0	0	0	0	0	0
Investment loss	0	0	0	0	0	0	0	0
Proceeds from sale of home	0	0	0	0	0	0	0	0
Developer fee	0	0	0	0	0	0	0	0
Fee for service	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0	0
Total Revenue	3,530	26,940	44,511	24,039	92,500	7,322	64,924	1,231
EXPENSES								
Personnel	123,120	17,960	30,601	12,901	2,920	7,055	0	894
Consultants and contract labor	956	7	29	9,965	20,208	0	0	0
Travel	4,834	13	1,666	0	0	267	0	196
Occupancy	25,712	0	292	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0
Minor equipment	0	0	0	0	0	0	0	0
Client assistance	(89)	0	61	0	0	0	61,236	0
Materials and supplies	4,959	0	388	(2,431)	32,738	0	174	0
Telephone and postage	10,070	10	328	44	0	0	11	0
Other	3,305	61	382	5	0	0	0	76
Shared costs	29,816	8,889	10,764	3,555	24	0	0	65
Transfers	(199,153)	0	0	0	0	0	3,503	0
In-kind expenses	0	0	0	0	0	0	0	0
Total Expenses	3,530	26,940	44,511	24,039	55,890	7,322	64,924	1,231
Change in Net Assets	0	0	0	0	36,610	0	0	0
Net assets - Beginning of year	0	0	0	0	42,876	0	0	0
NET ASSETS - End of year	$ 0	$ 0	$ 0	$ 0	$ 79,486	$ 0	$ 0	$ 0

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc. and Subsidiaries

Schedule A-5

Schedule of Program Activity

Year Ended October 31, 2011

	STATE AND LOCAL PROGRAMS							
	Transportation (26)	Deeds of Compassion (27)	Central Site Program (28)	Head Start Other (29)	Hanna Creighton Building Fund (30)	Covering Kids and Families of Indiana (31)	I&M Weatherization (32)	NIPSCO Home Energy Solutions (33)
REVENUE								
Grant revenue	$ 0	$ 0	$ 6,203	$ 4,646	$ 0	$ 165,075	$ 0	$ 0
Donations	0	0	0	251	0	0	0	0
Investment loss	0	0	0	0	0	0	0	0
Proceeds from sale of home	0	0	0	0	0	0	0	0
Developer fee	0	0	0	0	0	0	0	0
Fee for service	0	0	0	0	0	0	0	0
Other income	0	5,420	0	0	0	0	154,681	0
In-kind contributions	0	0	0	0	0	23,742	0	380
Total Revenue	0	5,420	6,203	4,897	0	188,817	154,681	380
EXPENSES								
Personnel	0	0	0	0	0	97,597	0	0
Consultants and contract labor	0	0	0	0	0	4,850	7,662	0
Travel	0	0	0	0	0	4,887	0	0
Occupancy	0	0	0	0	0	11,368	0	0
Depreciation	0	0	0	0	76,321	0	0	0
Minor equipment	0	0	0	4,943	0	0	0	0
Client assistance	0	5,420	0	86	0	571	0	0
Materials and supplies	0	0	0	9,993	0	12,872	11,793	0
Telephone and postage	0	0	0	0	0	3,378	0	0
Other	239	0	6,203	(1,575)	0	1,894	0	28,797
Shared costs	0	0	0	0	0	13,999	362	0
Transfers	0	0	0	0	0	37,401	0	0
In-kind expenses	0	0	0	0	0	0	0	0
Total Expenses	239	5,420	6,203	13,447	76,321	188,817	19,817	28,797
Change in Net Assets	(239)	0	0	(8,550)	(76,321)	0	134,864	(28,417)
Net assets - Beginning of year	239	0	6,150	17,392	2,064,993	0	0	28,417
NET ASSETS - End of year	$ 0	$ 0	$ 6,150	$ 8,842	$ 1,988,672	$ 0	$ 134,864	$ 0

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc. and Subsidiaries

Schedule A-6
Schedule of Program Activity
Year Ended October 31, 2011

	STATE AND LOCAL PROGRAMS						
	NIPSCO Family Development (34) #	CCDF UW (35)	Housing Rehabilitation (36)	Family Development Lincoln Foundation (37)	Lending Institution (38)	Child Restraint Distribution (39)	Youth (40)
REVENUE							
Grant revenue	$ 0	$ 13,429	$ 0	$ 32,812	$ 0	$ 8,527	$ 0
Donations	0	0	0	0	0	0	0
Investment loss	0	0	0	0	0	0	0
Proceeds from sale of home	0	0	79,900	0	0	0	0
Developer fee	0	0	0	0	0	0	0
Fee for service	0	0	0	0	0	0	0
Other income	0	0	8,510	0	74,705	0	0
In-kind contributions	0	0	0	0	0	0	0
Total Revenue	0	13,429	88,410	32,812	74,705	8,527	0
EXPENSES							
Personnel	0	0	70,008	25,817	92,473	0	43,973
Consultants and contract labor	0	0	2,254	0	12,071	0	12,033
Travel	110	0	2,727	1,124	3,090	0	521
Occupancy	0	0	7,593	(14)	5,802	0	2,475
Depreciation	0	0	0	0	0	0	0
Minor equipment	0	0	250	0	0	0	0
Client assistance	0	11,748	200	170	79	8,222	1,815
Materials and supplies	(632)	0	101,649	469	3,300	0	1,022
Telephone and postage	72	0	966	128	1,036	0	875
Other	6	0	4,086	33	6,706	1	136
Shared costs	218	1,681	1,362	5,085	6,285	304	983
Transfers	226	0	(102,685)	0	(130,710)	0	(63,833)
In-kind expenses	0	0	0	0	0	0	0
Total Expenses	0	13,429	88,410	32,812	132	8,527	0
Change in Net Assets	0	0	0	0	74,573	0	0
Net assets - Beginning of year	0	0	0	0	0	0	0
NET ASSETS - End of year	$ 0	$ 0	$ 0	$ 0	$ 74,573	$ 0	$ 0

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc. and Subsidiaries

Schedule A-7

Schedule of Program Activity

Year Ended October 31, 2011

	STATE AND LOCAL PROGRAMS							
	FRIENDS (41)	Social Enterprise (42)	Client Education (43)	CCDF (44)	Quality of Life Planning (45)	Inspire (46)	Dekalb County Community Foundation (47)	Family Development Foellinger Foundation (48)
REVENUE								
Grant revenue	$ 0	$ 0	$ 0	$ 0	$ 1,341	$ 15,000	$ 65	$ 60,635
Donations	0	0	0	0	0	0	0	0
Investment loss	0	0	0	0	0	0	0	0
Proceeds from sale of home	0	0	0	0	0	0	0	0
Developer fee	0	0	0	0	0	0	0	0
Fee for service	0	0	0	128,202	0	0	0	0
Other income	0	35,000	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0	0
Total Revenue	0	35,000	0	128,202	1,341	15,000	65	60,635
EXPENSES								
Personnel	21,095	0	79,705	0	7,055	0	0	52,336
Consultants and contract labor	25	0	367	0	350	0	0	0
Travel	1,277	0	2,469	0	0	15,000	0	1,706
Occupancy	6	0	3,979	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0
Minor equipment	0	0	0	0	0	0	0	0
Client assistance	90	0	511	0	212	0	65	0
Materials and supplies	2,372	0	976	0	659	0	0	35
Telephone and postage	341	0	1,620	0	0	0	0	0
Other	73	201	612	72,386	120	0	0	0
Shared costs	509	0	573	0	0	0	0	6,636
Transfers	(25,788)	0	(90,812)	0	(7,055)	0	0	(78)
In-kind expenses	0	0	0	0	0	0	0	0
Total Expenses	0	201	0	72,386	1,341	15,000	65	60,635
Change in Net Assets	0	34,799	0	55,816	0	0	0	0
Net assets - Beginning of year	0	0	0	72,386	0	0	0	0
NET ASSETS - End of year	$ 0	$ 34,799	$ 0	$ 128,202	$ 0	$ 0	$ 0	$ 0

Community Action of Northeast Indiana, Inc. and Subsidiaries

Schedule A-8
Schedule of Program Activity
Year Ended October 31, 2011

	STATE AND LOCAL PROGRAMS				OTHER		DISCRETIONARY
	Strengthening Families (49)	Hopewell Pointe (50)	IT Services (51)	Total State and Local Activity	GAAP Adjustments (52)	Total Program Activity	Agency Operations (53)
REVENUE							
Grant revenue	$ 4,198	$ 0	$ 0	$ 575,898	($ 48,090)	$ 19,587,731	$ 480
Donations	0	0	0	1,281	0	21,281	19,614
Investment loss	0	0	0	0	0	0	(16,338)
Proceeds from sale of home	0	0	0	79,900	0	79,900	0
Developer fee	0	90,547	0	90,547	0	90,547	0
Fee for service	0	0	12,740	295,623	0	295,623	0
Other income	0	0	0	147,757	0	173,591	55,886
In-kind contributions	0	0	0	0	(1,016,469)	1,277,872	0
Total Revenue	4,198	90,547	12,740	1,191,006	(1,064,559)	21,526,545	59,642
EXPENSES							
Personnel	3,304	0	0	688,814	0	6,115,569	0
Consultants and contract labor	61	0	199	71,037	(48,090)	1,586,949	3,493
Travel	0	0	0	39,887	0	243,550	147
Occupancy	0	0	0	57,213	0	564,139	0
Depreciation	0	0	0	76,321	91,542	167,863	1,333
Minor equipment	0	0	0	5,193	(23,348)	101,402	0
Client assistance	155	0	0	90,552	0	7,818,591	0
Materials and supplies	0	0	0	180,336	0	1,335,139	2,132
Telephone and postage	0	0	0	18,879	0	108,897	63
Other	0	0	0	123,747	0	307,835	19,841
Shared costs	678	0	2,490	94,278	0	1,601,791	3,169
Transfers	0	0	0	(578,984)	0	(19,288)	19,288
In-kind expenses	0	0	0	0	(1,016,469)	1,277,872	0
Total Expenses	4,198	0	2,689	867,273	(996,365)	21,210,309	49,466
Change in Net Assets	0	90,547	10,051	323,733	(68,194)	316,236	10,176
Net assets - Beginning of year	0	0	0	2,232,453	790,005	3,022,458	438,548
NET ASSETS - End of year	$ 0	$ 90,547	$ 10,051	$ 2,556,186	$ 721,811	$ 3,338,694	$ 448,724

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc. and Subsidiaries

Schedule B-1
Schedule of Expenditures of Federal Awards
Year Ended October 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed-Through Indiana Department of Education			
(1) Child and Adult Care Food Program	10.558	1020006	$ **301,140**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-Through Indiana Housing and Community Development Authority			
(2) Shelter Plus Care	14.238	SC-010-0019	246,347
		SC-011-0019	41,681
		Subtotal CFDA #14.238	**288,028**
Passed-Through Indiana Housing and Community Development Authority			
(3) ARRA - Homeless Prevention Rapid Rehousing	14.257 - ARRA	HPRP 009-010	666,213
Passed-Through City of Fort Wayne			
(4) ARRA - Homeless Prevention Rapid Rehousing		N/A	131,640
		Subtotal CFDA #14.257 - ARRA	**797,853**
Passed-Through Indiana Housing and Community Development Authority			
(5) Section 8 Housing Choice Vouchers	14.871	SH010	62,672
		SH011	558,091
		Subtotal CFDA #14.871	**620,763**
U.S. DEPARTMENT OF ENERGY			
Passed-Through Indiana Housing and Community Development Authority			
(6) Weatherization Assistance for Low-Income Persons	81.042	WX-010-007	**141,781**
(7) ARRA - Home Energy Conservation	81.042 - ARRA	HEC-010-004	**2,331,745**
		Subtotal Cluster CFDA #81.042 and #81.042 - ARRA	**2,473,526**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-Through Indiana Housing and Community Development Authority			
(8) Low-Income Home Energy Assistance	93.568	WL-011-007 / WL-012-007	597,468
(9) Low-Income Home Energy Assistance		LI-009-007	6,372,090
		Subtotal CFDA #93.568	**6,969,558**
Passed-Through Indiana Housing and Community Development Authority			
(10) Community Services Block Grant	93.569	CS-010-007	179,080
		CS-011-007	768,395
(11) Community Services Block Grant - BEED		CS-10-024CSBG	60,000
		Subtotal CFDA #93.569	**1,007,475**

Community Action of Northeast Indiana, Inc. and Subsidiaries

Schedule B-2
Schedule of Expenditures of Federal Awards
Year Ended October 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Passed-Through Indiana Family and Social Services Administration			
(12) Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	F1-06-02-06-34-1671	431,977
		F1-2-02-12-34-1671	45,536
		Subtotal CFDA #93.596	**477,513**
Direct Grant			
(13) Head Start (including $612,283 of delegated expenses)	93.600	05CH4038/45	5,170,689
(14) Head Start Body Start		C041	3,775
		Subtotal CFDA #93.600	**5,174,464**
Direct Grant			
(15) ARRA - Early Head Start	93.709 - ARRA	05SA4038/02	883,546
		05SA4038	61,460
		Subtotal CFDA #93.709 - ARRA	**945,006**
		Subtotal Cluster CFDA #93.600 and #93.709 - ARRA	**6,119,470**
Passed-Through Indiana Department of Commerce			
(16) Assets for Independence Demonstration Program	93.602	N/A	**4,403**
Corporation for National and Community Service			
Passed-Through United Way of Allen County			
(17) AmeriCorps	94.006	N/A	**194**
		TOTAL FEDERAL EXPENDITURES	**$ 19,059,923**

Note to Schedule of Expenditures of Federal Awards
This schedule includes the federal grant activity of Community Action of Northeast Indiana, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

WIPFLi LLP

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the financial statements of Community Action of Northeast Indiana, Inc. (a nonprofit organization) as of and for the year ended October 31, 2011, and have issued our report thereon dated April 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Hopewell Pointe GP, Inc. and Energy Savers Consultants, LLC were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Action of Northeast Indiana, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action of Northeast Indiana, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Community Action of Northeast Indiana, Inc.'s internal control over financial reporting.

A 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 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 Community Action of Northeast Indiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of Community Action of Northeast Indiana, Inc. in a separate letter dated April 13, 2012.

This report is intended solely for the information and use of the Board of Directors, management, others within Community Action of Northeast Indiana, Inc., federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wipfli LLP

Wipfli LLP

April 13, 2012
Madison, Wisconsin

WIPFLi LLP

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

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

Compliance

We have audited Community Action of Northeast Indiana, Inc.'s (a nonprofit organization) compliance 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 its major federal programs for the year ended October 31, 2011. Community Action of Northeast Indiana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Community Action of Northeast Indiana, Inc.'s management. Our responsibility is to express an opinion on Community Action of Northeast Indiana, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action of Northeast Indiana, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Community Action of Northeast Indiana, Inc.'s compliance with those requirements.

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

Internal Control Over Compliance

The management of Community Action of Northeast Indiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Community Action of Northeast Indiana, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action of Northeast Indiana, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 a 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 would not necessarily 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 the Board of Directors, management, others within Community Action of Northeast Indiana, Inc., federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wipfli LLP

Wipfli LLP

April 13, 2012
Madison, Wisconsin

Community Action of Northeast Indiana, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be a material weakness?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be a material weakness?	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 Circular A-133, Section .510(a)?	No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
14.257 - ARRA	Homeless Prevention and Rapid Re-housing
81.042	Weatherization Assistance for Low-Income Persons
81.042 - ARRA	ARRA - Weatherization Assistance for Low-Income Persons
93.568	Low-Income Home Energy Assistance Program
93.600	Head Start
93.709 - ARRA	ARRA - Early Head Start

Dollar threshold used to distinguish between Type A and Type B Programs	$571,792
Auditee qualified as low-risk auditee?	No

Community Action of Northeast Indiana, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Status of Prior Year Finding

MATERIAL ADJUSTMENTS (103110-01)

Condition

During our audit, Wipfli LLP proposed multiple adjusting journal entries which we deem to be material in relation to the financial statements. These entries were subsequently recorded by management. Since Community Action of Northeast Indiana, Inc.'s internal controls did not detect and correct these adjustments prior to the audit, a material weakness exists in Community Action of Northeast Indiana, Inc.'s controls over year end close and financial statement preparation.

Criteria

OMB Circular A-110, Subpart C.21(b)(1), and Department of Health and Human Services Regulation 45 CFR, Part 74.21(b)(1), require that *...the grant recipient have a financial system that provides for accurate, current, and complete disclosure of the financial results of each federally-sponsored project or program.* In addition, OMB Circular A-110, Subpart C.21(b)(3), and Department of Health and Human Services Regulation 45 CFR, Part 74.21(b)(3), require *...Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.*

Effect

As a result of not performing the necessary adjustment to significant account balances, a material weakness exists in internal controls.

Recommendation

We recommend Community Action of Northeast Indiana, Inc. implement procedures to provide sufficient internal controls to identify and correct any misstatements in the general ledger on a monthly basis.

Management Response's to the Prior Year Finding

CANI uses Sage MIP Fund Accounting software, and posts accruals using the encumbrance module. Encumbrances appear on expense reports but do not post to the general ledger. CANI has implemented a process to liquidate encumbrances and post accruals to the general ledger as part of the monthly closing procedures.

Resolution of Prior Year Finding

This finding is considered resolved.