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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, 2011 to October 31, 2012. 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, 2012, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

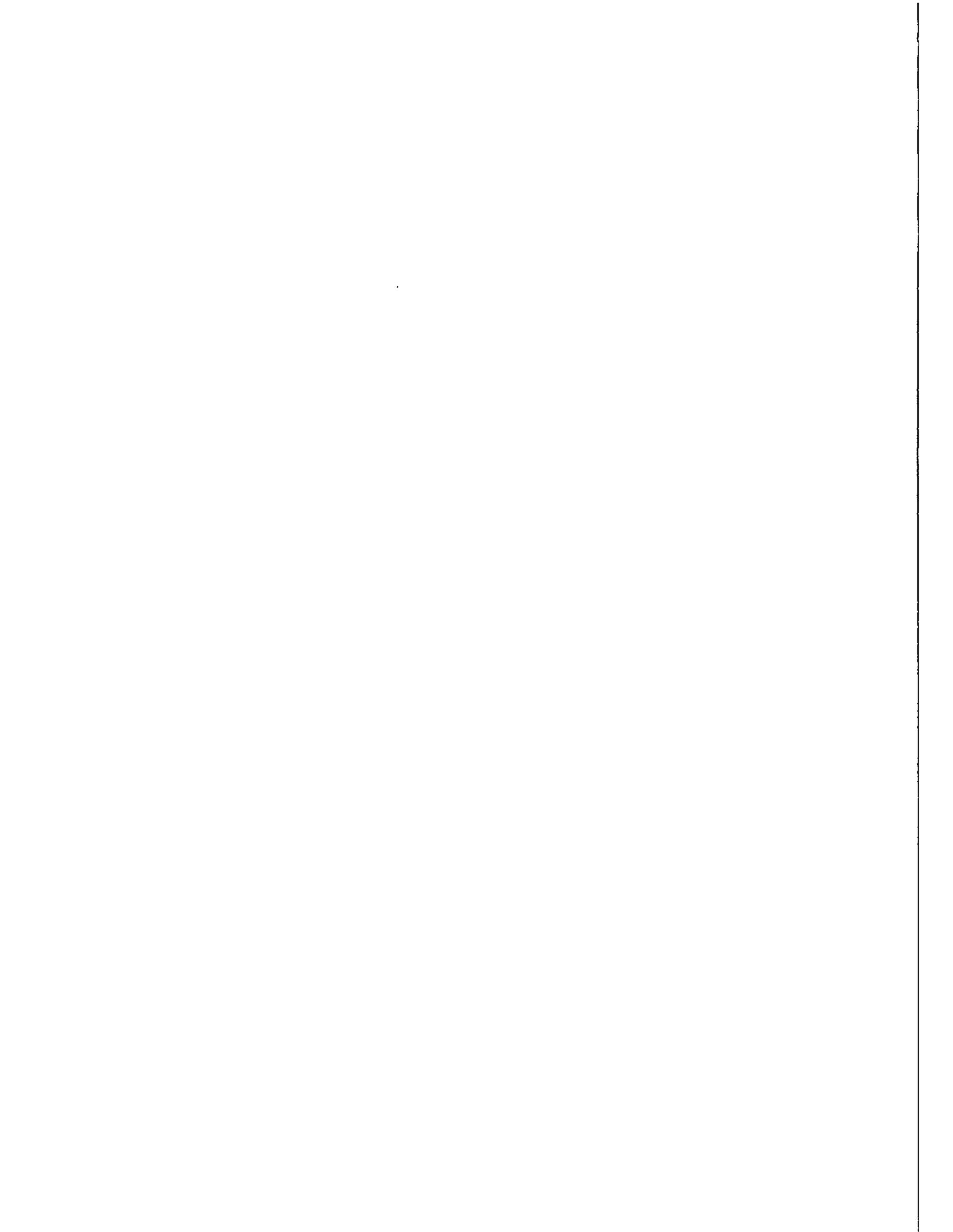
We call your attention to a financial statement finding in the report. Please refer to the Schedule of Findings and Questioned Costs for complete details of the finding.

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

# **Community Action of Northeast Indiana, Inc. and Subsidiaries**

Fort Wayne, Indiana

Consolidated Financial Statements and  
Supplementary Information  
Year Ended October 31, 2012



# Community Action of Northeast Indiana, Inc. and Subsidiaries

Consolidated Financial Statements and Supplementary Information  
Year Ended October 31, 2012

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## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Community Action of Northeast Indiana, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of October 31, 2012, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to consolidated financial statements. 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 from 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, 2012, 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 11, 2013, 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 conducted for the purpose of forming an opinion on the basic consolidated financial statements of Community Action of Northeast Indiana, Inc. and Subsidiaries, 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-3, 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic consolidated financial statements as a whole.

*Wipfli LLP*

Wipfli LLP

April 11, 2013  
Madison, Wisconsin

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Consolidated Statement of Financial Position

October 31, 2012

| <b>Assets</b>   |                     |
|---|---------------------|
| Current assets:                                       |                     |
| Cash and cash equivalents                             | \$ 540,352          |
| IDA fund cash   | 79,277              |
| Grants receivable                                     | 1,113,041           |
| Accounts receivable                                   | 21,438              |
| Prepaid expenses                                      | 162,283             |
| Developer fee receivable, net                         | 165,259             |
| Loans receivable, net                                 | 20,200              |
| <b>Total current assets</b>                           | <b>2,101,850</b>    |
| Other assets:   |                     |
| Interest in investment held by a community foundation | 39,331              |
| Investments   | 618,616             |
| Housing loan receivable                               | 400,000             |
| <b>Total other assets</b>                             | <b>1,057,947</b>    |
| Property and equipment, net                           | 2,161,562           |
| <b>TOTAL ASSETS</b>                                   | <b>\$ 5,321,359</b> |
| <b>Liabilities and Net Assets</b>                     |                     |
| Current liabilities:                                  |                     |
| Accounts payable                                      | \$ 282,563          |
| Accrued payroll and related expenses                  | 87,309              |
| Accrued vacation                                      | 296,900             |
| Grant funds received in advance                       | 342,436             |
| Due to other organizations                            | 13,428              |
| IDA fund liability                                    | 79,277              |
| <b>Total current liabilities</b>                      | <b>1,101,913</b>    |
| Long-term liabilities:                                |                     |
| Housing loan payable                                  | 400,000             |
| <b>Total liabilities</b>                              | <b>1,501,913</b>    |
| Unrestricted net assets:                              |                     |
| Unrestricted  | 3,577,513           |
| Unrestricted - Board designated                       | 39,331              |
| <b>Total unrestricted net assets</b>                  | <b>3,616,844</b>    |
| Temporarily restricted net assets                     | 202,602             |
| <b>Total net assets</b>                               | <b>3,819,446</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>               | <b>\$ 5,321,359</b> |

See accompanying notes to consolidated financial statements.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Consolidated Statement of Activities

Year Ended October 31, 2012

|   | Unrestricted        | Temporarily Restricted | Total               |
|---|---------------------|------------------------|---------------------|
| <b>Revenue:</b>   |                     |                        |                     |
| Grant revenue   | \$ 16,362,298       | \$ 0                   | \$ 16,362,298       |
| Donations   | 66,437              | 500                    | 66,937              |
| Investment income   | 76,398              | 0                      | 76,398              |
| Proceeds from sale of home  | 67,000              | 0                      | 67,000              |
| Developer fee   | 171,702             | 0                      | 171,702             |
| Fee for service   | 9,626               | 143,949                | 153,575             |
| Other income  | 121,118             | 2,916                  | 124,034             |
| In-kind contributions   | 942,720             | 0                      | 942,720             |
| Net assets released from restriction through satisfaction of program restrictions | 133,662             | ( 133,662)             | 0                   |
| <b>Total revenue</b>  | <b>17,950,961</b>   | <b>13,703</b>          | <b>17,964,664</b>   |
| <b>Expenses:</b>  |                     |                        |                     |
| <b>Program Activities</b>   |                     |                        |                     |
| Child care development  | 572,748             | 0                      | 572,748             |
| Child education   | 6,695,796           | 0                      | 6,695,796           |
| Housing   | 1,291,555           | 0                      | 1,291,555           |
| Linkages with other programs  | 701,575             | 0                      | 701,575             |
| Self-sufficiency  | 1,410,346           | 0                      | 1,410,346           |
| Nutrition   | 309,259             | 0                      | 309,259             |
| Weatherization and energy   | 5,834,336           | 0                      | 5,834,336           |
| Agency operations   | 40,402              | 0                      | 40,402              |
| <b>Total program activities</b>   | <b>16,856,017</b>   | <b>0</b>               | <b>16,856,017</b>   |
| Management and general  | 1,045,902           | 0                      | 1,045,902           |
| Fund-raising  | 30,717              | 0                      | 30,717              |
| <b>Total expenses</b>   | <b>17,932,636</b>   | <b>0</b>               | <b>17,932,636</b>   |
| Change in net assets  | 18,325              | 13,703                 | 32,028              |
| Net assets - Beginning of year  | 3,598,519           | 188,899                | 3,787,418           |
| <b>Net assets - End of year</b>   | <b>\$ 3,616,844</b> | <b>\$ 202,602</b>      | <b>\$ 3,819,446</b> |

See accompanying notes to consolidated financial statements.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Consolidated Statement of Cash Flows

Year Ended October 31, 2012

|   |    |          |
|---|----|----------|
| Increase (decrease) in:   |    |          |
| Cash flows from operating activities:   |    |          |
| Change in net assets  | \$ | 32,028   |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |    |          |
| Net realized/unrealized gain on investments   | (  | 37,796)  |
| Depreciation  |    | 135,885  |
| Change in interest in investment held by a community foundation                         | (  | 20,767)  |
| Changes in operating assets and liabilities:  |    |          |
| IDA fund cash   |    | 657      |
| Grants receivable   |    | 62,270   |
| Accounts receivable   |    | 20,762   |
| Property available for sale   |    | 77,197   |
| Prepaid expenses  | (  | 8,274)   |
| Developer fee receivable  | (  | 74,802)  |
| Accounts payable  | (  | 25,742)  |
| Accrued payroll and related expenses  | (  | 159,462) |
| Accrued vacation  | (  | 7,205)   |
| Grant funds received in advance   | (  | 54,020)  |
| Due to other organizations  |    | 13,428   |
| IDA fund liability  | (  | 657)     |
| Net cash used in operating activities   | (  | 46,498)  |
| Cash flows from investing activities:   |    |          |
| Issuance of loans receivable  | (  | 12,050)  |
| Capital expenditures  | (  | 136,877) |
| Purchase of investments   | (  | 110,502) |
| Proceeds from sale of investments   |    | 99,265   |
| Net cash used in investing activities   | (  | 160,164) |
| Cash flows from financing activities:   |    |          |
| Payments on notes payable   | (  | 147,136) |
| Net cash used in financing activities   | (  | 147,136) |
| Change in cash and cash equivalents   | (  | 353,798) |
| Cash and cash equivalents - Beginning of year   |    | 894,150  |
| Cash and cash equivalents - End of year   | \$ | 540,352  |

See accompanying notes to consolidated financial statements.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### **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 37% of CANI's grant revenue was provided under a Head Start grant and 34% provided under a LIHEAP grant, both funded by the Department of Health and Human Services.

#### **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., Energy Savers Consultants, LLC, and CANI's Center for Community and Economic Development, Inc., 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. CANI's Center for Community and Economic Development, Inc. was formed for the purposes of operating CANI's revolving loan program, for their employee loan fund and business loan fund. All material inter-company transactions and accounts are eliminated in consolidation. There was no activity in CANI's Center for Community and Economic Development, Inc. during the fiscal year ended October 31, 2012.

#### **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.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### **Classification of Net Assets (Continued)**

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, except for specific fee for service voucher and loan programs. 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.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### **Revenue Recognition (Continued)**

#### **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.

#### **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 balance represents the unpaid principal balance, net of reserve. CANI has established a loan loss reserve in the amount of \$15,000 at October 31, 2012. 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**

Developer fee receivable represents amounts earned by CANI in accordance with the development agreement with the Hopewell Pointe housing project. The developer fees are earned throughout the construction and rent-up of the housing facility. As of October 31, 2012, CANI has earned \$452,287 of which \$96,900 has been received and \$355,387 has been recorded as a receivable. CANI has assessed the likelihood of collection of the entire developer fee and has recorded an allowance in the amount of \$190,128 against the receivable.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### 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.

#### 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 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.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### **Fair Value Measurements (Continued)**

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.

#### **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 \$616,097 at October 31, 2012.

#### **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, 2012.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### **Income Taxes (Continued)**

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).

CANI's Center for Community and Economic Development, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. CANI is also exempt from Indiana income taxes.

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 2008 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 \$549,979, 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.

#### **Due to Other Organizations**

CANI acts as a fiscal agent for the Multi-Cultural Council and Mental Health America. Due to other organization consists of funds held by the CANI for the other nonprofit organizations.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### **Subsequent Events**

Subsequent events have been evaluated through April 11, 2013, which is the date the financial statements were available to be issued.

### 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, 2012, are as follows:

|                                   |                   |
|-----------------------------------|-------------------|
| Corporate bonds                   | \$ 63,933         |
| International equity mutual funds | 5,258             |
| U.S. equity mutual funds          | 357,236           |
| Bond mutual funds                 | 192,089           |
| Investment in limited partnership | 100               |
| <u>Total investments</u>          | <u>\$ 618,616</u> |

Investment income consisted of the following at October 31, 2012:

|                                |                  |
|--------------------------------|------------------|
| Interest and dividends         | \$ 17,835        |
| Net realized/unrealized gain   | 58,563           |
| <u>Total investment income</u> | <u>\$ 76,398</u> |

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.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Notes to 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, 2012, is as follows:

|  |                  |
|--|------------------|
| Beginning balance  | \$ 18,564        |
| Contributions  | 10,520           |
| <u>Change in interest in investment held by a community foundation</u> | <u>10,247</u>    |
| <u>Ending balance</u>  | <u>\$ 39,331</u> |

### 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.

The Board of Directors of CANI has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Indiana state legislature, as requiring CANI to preserve the fair value of the donor's original gift, as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, CANI classifies as permanently restricted net assets (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanent restricted endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CANI in a manner consistent with the standard of prudence prescribed by UPMIFA.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### Note 5 Endowment (Continued)

In accordance with UPMIFA, CANI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of CANI, and (7) CANI's investment policies.

CANI can receive up to 4% of the investment earnings 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 may match a certain percentage of the third-party contributions made during each year up to \$10,000, and that decision is made on an annual basis. There were no material third-party contributions or matching contributions during the year ended October 31, 2012.

The Foundation has variance power over CANI's endowment fund. CANI's endowment fund is subject to the Foundation's investment strategies. The Foundation's asset allocation policy 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 -<br>Board designated |
|--------------------------------|------------------------------------|
| Endowment at beginning of year | \$ 18,564                          |
| Contributions                  | 10,520                             |
| Interest and dividends         | 1,001                              |
| Expenses                       | ( 281)                             |
| Net appreciation               | 9,527                              |
| Endowment at end of year       | \$ 39,331                          |

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### 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 international 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, 2012, is as follows:

|   | Total Assets Measured at Fair Value | Recurring Fair Value Measurements Using                        |   |   |
|---|-------------------------------------|--|---|---|
|   |                                     | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Corporate bonds                                       | \$ 63,933                           | \$ 0   | \$ 63,933                                     | \$ 0                                      |
| International equity mutual funds                     | 5,258                               | 5,258  | 0   | 0   |
| US equity mutual funds                                | 357,236                             | 357,236  | 0   | 0   |
| Bond mutual funds                                     | 192,089                             | 192,089  | 0   | 0   |
| Interest in investment held by a community foundation | 39,331                              | 0  | 39,331  | 0   |
| <b>Totals</b>   | <b>\$ 657,847</b>                   | <b>\$ 554,583</b>  | <b>\$ 103,264</b>                             | <b>\$ 0</b>                               |

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, 2012:

|   |                     |
|---|---------------------|
| Direct federal programs                 | \$ 524,798          |
| Pass through federal and state programs | 541,809             |
| Other programs                          | 46,434              |
| <b>Total</b>                            | <b>\$ 1,113,041</b> |

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 8 Property and Equipment

Property and equipment consisted of the following at October 31, 2012:

|                                 |              |
|---------------------------------|--------------|
| Land                            | \$ 264,713   |
| Building and improvements       | 2,445,207    |
| Equipment                       | 205,733      |
| Vehicles                        | 483,632      |
| <hr/>                           |              |
| Total property and equipment    | 3,399,285    |
| Less - Accumulated depreciation | 1,237,723    |
| <hr/>                           |              |
| Property and equipment - Net    | \$ 2,161,562 |

### 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 2:1 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, 2012, was \$79,277. 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 \$100,000 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, 2012) and matures October 22, 2013. There was no outstanding balance at October 31, 2012.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 11 Notes Payable

During the prior year, CANI signed an unsecured promissory note with IHEDA 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 had an unsecured promissory note from IHEDA 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 one payment of \$47,136 on this note, bringing the October 31, 2012, balance to \$0.

### 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, 2012, was \$111,552.

### 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, 2012, were \$480,786.

Minimum future rental payments under these lease agreements consisted of the following at October 31, 2012:

|            |                     |
|------------|---------------------|
| 2013       | \$ 460,220          |
| 2014       | 389,264             |
| 2015       | 331,652             |
| 2016       | 102,657             |
| 2017       | 2,226               |
| Thereafter | 4,823               |
| <hr/>      |                     |
| Total      | <u>\$ 1,290,842</u> |

### Note 14 Grant Awards

At October 31, 2012, CANI had commitments under various grants of approximately \$8,310,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### **Note 15**      **Temporarily Restricted Net Assets**

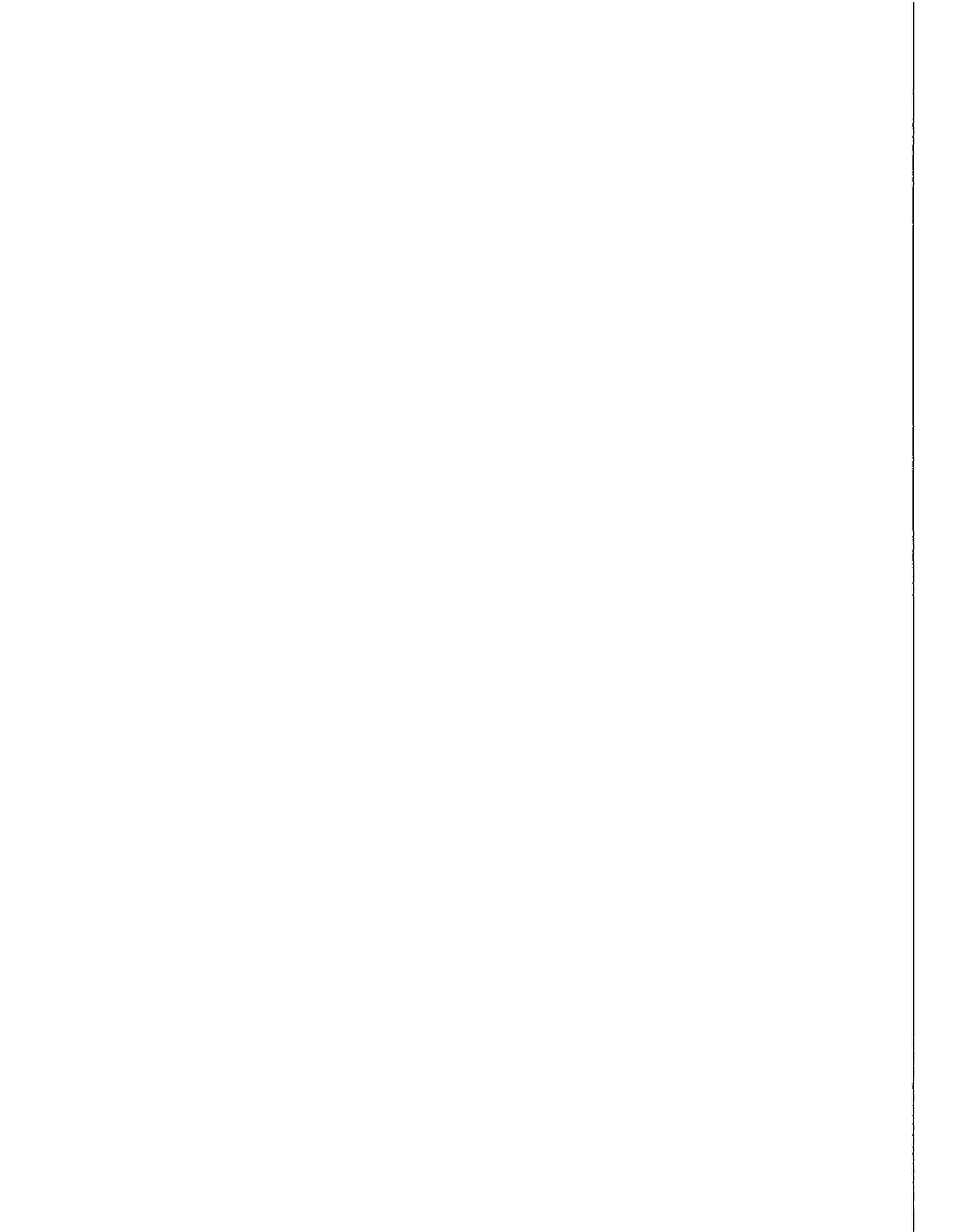
CANI has a temporarily restricted net asset balance at October 31, 2012, of \$202,602 consisting of \$140,435 in voucher revenue from the state Child Care Development Fund to be used in the child care program and \$62,167 in Community Services Block Grant funds to be used in the Business Enterprise and Economic Development program.

### **Note 16**      **Related Party and Housing Loan Receivable/Payable**

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, 2012, 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.

# **Supplementary Information**



# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Schedule A-1 Schedule of Program Activity Year Ended October 31, 2012

|                                       |                     | FEDERAL PROGRAMS                            |                       |  |                                  |                        |                                       |
|---------------------------------------|---------------------|---|-----------------------|--|----------------------------------|------------------------|---------------------------------------|
| USDA                                  |                     | Department of Housing and Urban Development |                       |  |                                  |                        |                                       |
| 10.558                                |                     | 14.231                                      | 14.238                | 14.257 - ARRA                                | 14.257 - ARRA                    | 14.871                 |                                       |
| Child and Adult Care Food Program (1) |                     | Emergency Solutions Grant (2)               | Shelter Plus Care (3) | Homeless Prevention Rapid Rehousing ARRA (4) | HPRP ARRA City of Fort Wayne (5) | 14.257 - ARRA Subtotal | Section 8 Housing Choice Vouchers (6) |
| Total                                 |                     |   |                       |  |                                  |                        |                                       |
| REVENUE                               |                     |   |                       |  |                                  |                        |                                       |
| Grant revenue                         | \$ 16,362,298       | \$ 251                                      | \$ 175,839            | \$ 465,721                                   | \$ 51,282                        | \$ 517,003             | \$ 759,619                            |
| Donations                             | 66,937              | 0   | 0                     | 0  | 0                                | 0                      | 0                                     |
| Investment income                     | 76,398              | 0   | 0                     | 0  | 0                                | 0                      | 0                                     |
| Proceeds from sale of home            | 67,000              | 0   | 0                     | 0  | 0                                | 0                      | 0                                     |
| Developer fee                         | 171,702             | 0   | 0                     | 0  | 0                                | 0                      | 0                                     |
| Fee for service                       | 153,575             | 0   | 0                     | 0  | 0                                | 0                      | 0                                     |
| Other income                          | 124,034             | 0   | 0                     | 20   | 0                                | 20                     | 0                                     |
| In-kind contributions                 | 942,720             | 0   | 0                     | 0  | 0                                | 0                      | 0                                     |
| <b>Total Revenue</b>                  | <b>17,964,664</b>   | <b>251</b>                                  | <b>175,839</b>        | <b>465,741</b>                               | <b>51,282</b>                    | <b>517,023</b>         | <b>759,619</b>                        |
| EXPENSES                              |                     |   |                       |  |                                  |                        |                                       |
| Personnel                             | 6,064,729           | 6   | 3,228                 | 123,445                                      | 14,850                           | 138,295                | 94,001                                |
| Consultants and contract labor        | 1,475,301           | 0   | 552                   | 1,743  | 215                              | 1,958                  | 1,915                                 |
| Travel                                | 318,773             | 74  | 1,704                 | 4,114  | 201                              | 4,315                  | 8,089                                 |
| Occupancy                             | 559,117             | 1   | 2,339                 | 665  | 0                                | 665                    | 7,983                                 |
| Depreciation                          | 135,885             | 0   | 0                     | 0  | 0                                | 0                      | 0                                     |
| Minor equipment                       | 9,746               | 0   | 0                     | 0  | 0                                | 0                      | 0                                     |
| Client assistance                     | 5,642,181           | 0   | 161,319               | 311,343                                      | 29,040                           | 340,383                | 685,691                               |
| Materials and supplies                | 913,277             | 417   | 125                   | 285  | 65                               | 350                    | 1,190                                 |
| Telephone and postage                 | 120,339             | 170   | 799                   | 729  | 0                                | 729                    | 3,264                                 |
| Other                                 | 198,198             | 0   | 435                   | 60   | 5                                | 65                     | 1,105                                 |
| Shared costs                          | 1,552,370           | 0   | 8,922                 | 29,967                                       | 7,161                            | 37,128                 | 26,080                                |
| Transfers                             | 0                   | 0   | (3,584)               | (6,610)                                      | (255)                            | (6,865)                | (69,699)                              |
| In-kind expenses                      | 942,720             | 0   | 0                     | 0  | 0                                | 0                      | 0                                     |
| <b>Total Expenses</b>                 | <b>17,932,636</b>   | <b>251</b>                                  | <b>175,839</b>        | <b>465,741</b>                               | <b>51,282</b>                    | <b>517,023</b>         | <b>759,619</b>                        |
| Change in Net Assets                  | 32,028              | 0   | 0                     | 0  | 0                                | 0                      | 0                                     |
| Net assets - Beginning of year        | 3,787,418           | 0   | 0                     | 0  | 0                                | 0                      | 0                                     |
| <b>NET ASSETS - End of year</b>       | <b>\$ 3,819,446</b> | <b>\$ 0</b>                                 | <b>\$ 0</b>           | <b>\$ 0</b>                                  | <b>\$ 0</b>                      | <b>\$ 0</b>            | <b>\$ 0</b>                           |

See Independent Auditor's Report.



# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Schedule A-3 Schedule of Program Activity Year Ended October 31, 2012

| FEDERAL PROGRAMS                        |  |                  |  |                                  |                         |                            |                  |  |  |
|---|--|------------------|--|----------------------------------|-------------------------|----------------------------|------------------|--|--|
| Department of Health and Human Services |  |                  |  |                                  |                         |                            |                  |  |  |
| 93.569                                  |  |                  |  |                                  |                         |                            |                  |  |  |
| 93.576                                  |  |                  |  |                                  |                         |                            |                  |  |  |
| 93.596                                  |  |                  |  |                                  |                         |                            |                  |  |  |
| 93.600                                  |  |                  |  |                                  |                         |                            |                  |  |  |
| Community Services Block Grant (13)     | Community Services Block Grant - BEED (14) | 93.569 Subtotal  | Microenterprise Development Program (15) | Child Care Development Fund (16) | Head Start Program (17) | Head Start Body Start (18) | 93.600 Subtotal  |  |  |
| REVENUE                                 |  |                  |  |                                  |                         |                            |                  |  |  |
| Grant revenue                           | \$ 743,161                                 | \$ 0             | \$ 743,161                               | \$ 476,547                       | \$ 6,016,262            | \$ 1,059                   | \$ 6,017,321     |  |  |
| Donations                               | 0  | 500              | 500                                      | 25                               | 0                       | 0                          | 0                |  |  |
| Investment income                       | 0  | 0                | 0  | 0                                | 0                       | 0                          | 0                |  |  |
| Proceeds from sale of home              | 0  | 0                | 0  | 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  | 2,916            | 2,916                                    | 0                                | 500                     | 0                          | 500              |  |  |
| In-kind contributions                   | 0  | 0                | 0  | 0                                | 1,492,699               | 0                          | 1,492,699        |  |  |
| <b>Total Revenue</b>                    | <b>743,161</b>                             | <b>3,416</b>     | <b>746,577</b>                           | <b>476,572</b>                   | <b>7,509,461</b>        | <b>1,059</b>               | <b>7,510,520</b> |  |  |
| EXPENSES                                |  |                  |  |                                  |                         |                            |                  |  |  |
| Personnel                               | 0  | 28,204           | 28,204                                   | 178,711                          | 3,832,925               | 0                          | 3,832,925        |  |  |
| Consultants and contract labor          | 1,235                                      | 0                | 1,235                                    | 18,620                           | 774,266                 | 0                          | 774,266          |  |  |
| Travel                                  | 0  | 146              | 146                                      | 9,150                            | 144,021                 | 0                          | 144,021          |  |  |
| Occupancy                               | 0  | 0                | 0  | 43,625                           | 328,963                 | 0                          | 328,963          |  |  |
| Depreciation                            | 0  | 0                | 0  | 0                                | 0                       | 0                          | 0                |  |  |
| Minor equipment                         | 0  | 0                | 0  | 0                                | 2,061                   | 1,059                      | 3,120            |  |  |
| Client assistance                       | 11,390                                     | 0                | 11,390                                   | 1,199                            | 68,664                  | 0                          | 68,664           |  |  |
| Materials and supplies                  | 670  | (4)              | 666                                      | 21,265                           | 187,929                 | 0                          | 187,929          |  |  |
| Telephone and postage                   | 1  | 0                | 1  | 18,128                           | 42,364                  | 0                          | 42,364           |  |  |
| Other                                   | 1,248                                      | 87               | 1,335                                    | 5,381                            | 85,732                  | 0                          | 85,732           |  |  |
| Shared costs                            | 147,094                                    | 5,321            | 152,415                                  | 180,493                          | 549,837                 | 0                          | 549,837          |  |  |
| Transfers                               | 581,523                                    | (31,808)         | 549,715                                  | 0                                | 0                       | 0                          | 0                |  |  |
| In-kind expenses                        | 0  | 0                | 0  | 0                                | 1,492,699               | 0                          | 1,492,699        |  |  |
| <b>Total Expenses</b>                   | <b>743,161</b>                             | <b>1,946</b>     | <b>745,107</b>                           | <b>476,572</b>                   | <b>7,509,461</b>        | <b>1,059</b>               | <b>7,510,520</b> |  |  |
| Change in Net Assets                    | 0  | 1,470            | 1,470                                    | 0                                | 0                       | 0                          | 0                |  |  |
| Net assets - Beginning of year          | 0  | 60,697           | 60,697                                   | 0                                | 0                       | 0                          | 0                |  |  |
| <b>NET ASSETS - End of year</b>         | <b>\$ 0</b>                                | <b>\$ 62,167</b> | <b>\$ 62,167</b>                         | <b>\$ 0</b>                      | <b>\$ 0</b>             | <b>\$ 0</b>                | <b>\$ 0</b>      |  |  |

See Independent Auditor's Report.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Schedule A-4 Schedule of Program Activity Year Ended October 31, 2012

|                                 | FEDERAL PROGRAMS                  |                               |               |                     |                    | STATE AND LOCAL PROGRAMS |                    |                   |            |                       |                |
|---------------------------------|-----------------------------------|-------------------------------|---------------|---------------------|--------------------|--------------------------|--------------------|-------------------|------------|-----------------------|----------------|
|                                 | Dept of Health and Human Services |                               | CNCS          |                     |                    | Family Development UW    |                    | Family Support UW |            | Family Development UW | IDA - Youth UW |
|                                 | (19)                              | (20)                          | (21)          | (22)                | (23)               | (24)                     | (25)               |                   |            |                       |                |
|                                 | 93.602                            | 93.912                        | 94.006        |                     |                    |                          |                    |                   |            |                       |                |
|                                 | Assets for Independence Program   | Noble County Outreach Project | AmeriCorps    | Total Federal Funds | Family Development | Family Support           | Family Development | IDA - Youth       |            |                       |                |
|                                 | (19)                              | (20)                          | (21)          |                     | (22)               | (23)                     | (24)               | (25)              |            |                       |                |
|                                 | \$                                | \$                            | \$            | \$                  | \$                 | \$                       | \$                 | \$                | \$         | \$                    | \$             |
| <b>REVENUE</b>                  |                                   |                               |               |                     |                    |                          |                    |                   |            |                       |                |
| Grant revenue                   | 5,482                             | 28,433                        | 45,356        | 15,812,391          | 0                  | 26,357                   | 68,248             | 0                 | 120        |                       |                |
| Donations                       | 0                                 | 0                             | 0             | 625                 | 1,100              | 0                        | 0                  | 0                 | 0          |                       |                |
| Investment income               | 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                    | 30                                | 0                             | 17,400        | 20,866              | 2,830              | 0                        | 85                 | 0                 | 0          |                       |                |
| In-kind contributions           | 0                                 | 0                             | 0             | 1,492,699           | 0                  | 0                        | 0                  | 0                 | 0          |                       |                |
| <b>Total Revenue</b>            | <b>5,512</b>                      | <b>28,433</b>                 | <b>62,756</b> | <b>17,326,581</b>   | <b>3,930</b>       | <b>26,357</b>            | <b>68,333</b>      | <b>0</b>          | <b>120</b> |                       |                |
| <b>EXPENSES</b>                 |                                   |                               |               |                     |                    |                          |                    |                   |            |                       |                |
| Personnel                       | 12,732                            | 19,177                        | 47,703        | 5,510,187           | 57,224             | 22,186                   | 57,082             | 0                 | 0          |                       |                |
| Consultants and contract labor  | 0                                 | 10                            | 27            | 1,268,270           | 2,221              | 0                        | 232                | 0                 | 0          |                       |                |
| Travel                          | 917                               | 4,034                         | 5,533         | 263,204             | 9,608              | 0                        | 1,540              | 0                 | 0          |                       |                |
| Occupancy                       | 0                                 | 0                             | 1,538         | 481,012             | 20,936             | 0                        | 2,732              | 0                 | 0          |                       |                |
| Depreciation                    | 0                                 | 0                             | 0             | 0                   | 0                  | 0                        | 0                  | 0                 | 0          |                       |                |
| Minor equipment                 | 0                                 | 0                             | 0             | 3,199               | 0                  | 0                        | 0                  | 0                 | 0          |                       |                |
| Client assistance               | 0                                 | 0                             | 100           | 5,516,692           | 65                 | 0                        | 61                 | 0                 | 120        |                       |                |
| Materials and supplies          | 5                                 | 2,522                         | 2,853         | 760,468             | 3,402              | 14                       | 480                | 0                 | 0          |                       |                |
| Telephone and postage           | 39                                | 9                             | 299           | 103,030             | 6,254              | 0                        | 696                | 0                 | 0          |                       |                |
| Other                           | 0                                 | 121                           | 1,461         | 132,454             | 3,276              | 0                        | 639                | 0                 | 0          |                       |                |
| Shared costs                    | 167                               | 2,560                         | 9,076         | 1,448,641           | 20,112             | 4,157                    | 4,871              | 0                 | 0          |                       |                |
| Transfers                       | (8,348)                           | 0                             | (5,834)       | 345,255             | (119,168)          | 0                        | 0                  | 0                 | 0          |                       |                |
| In-kind expenses                | 0                                 | 0                             | 0             | 1,492,699           | 0                  | 0                        | 0                  | 0                 | 0          |                       |                |
| <b>Total Expenses</b>           | <b>5,512</b>                      | <b>28,433</b>                 | <b>62,756</b> | <b>17,325,111</b>   | <b>3,930</b>       | <b>26,357</b>            | <b>68,333</b>      | <b>0</b>          | <b>120</b> |                       |                |
| <b>Change in Net Assets</b>     | <b>0</b>                          | <b>0</b>                      | <b>0</b>      | <b>1,470</b>        | <b>0</b>           | <b>0</b>                 | <b>0</b>           | <b>0</b>          | <b>0</b>   |                       |                |
| Net assets - Beginning of year  | 0                                 | 0                             | 0             | 60,697              | 0                  | 0                        | 0                  | 0                 | 0          |                       |                |
| <b>NET ASSETS - End of year</b> | <b>0</b>                          | <b>0</b>                      | <b>0</b>      | <b>62,167</b>       | <b>0</b>           | <b>0</b>                 | <b>0</b>           | <b>0</b>          | <b>0</b>   |                       |                |

See Independent Auditor's Report.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Schedule A-5 Schedule of Program Activity Year Ended October 31, 2012

### STATE AND LOCAL PROGRAMS

|                                 | NIPSCO<br>Weatherization<br>(26) | Furnace for<br>Low-Income<br>Individuals<br>(27) | CSBG<br>Community<br>Action<br>Program<br>(28) | CDBG<br>Weatherization<br>(29) | Case<br>Coordination<br>System<br>(30) | Central<br>Site<br>Program<br>(31) | Head<br>Start<br>Other<br>(32) | Hanna<br>Creighton<br>Building<br>Fund<br>(33) |
|---------------------------------|----------------------------------|--|--|--------------------------------|--|------------------------------------|--------------------------------|--|
| <b>REVENUE</b>                  |                                  |  |  |                                |  |                                    |                                |  |
| Grant revenue                   | \$ 17,728                        | \$ 0   | \$ 82,089                                      | \$ 2,768                       | \$ 345                                 | \$ 0                               | \$ 13,500                      | \$ 0   |
| Donations                       | 0                                | 0  | 27   | 0                              | 0                                      | 0                                  | 1,000                          | 0  |
| Investment income               | 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  | 30   | 0                              | 0                                      | 0                                  | 5,601                          | 0  |
| In-kind contributions           | 0                                | 0  | 0  | 0                              | 0                                      | 0                                  | 0                              | 0  |
| <b>Total Revenue</b>            | <b>17,728</b>                    | <b>0</b>   | <b>82,146</b>                                  | <b>2,768</b>                   | <b>345</b>                             | <b>0</b>                           | <b>20,101</b>                  | <b>0</b>                                       |
| <b>EXPENSES</b>                 |                                  |  |  |                                |  |                                    |                                |  |
| Personnel                       | 12,985                           | 0  | 0  | 2,045                          | 17                                     | 0                                  | 0                              | 0  |
| Consultants and contract labor  | 122                              | 9,667  | 0  | 0                              | 0                                      | 0                                  | 12,000                         | 0  |
| Travel                          | 0                                | 0  | 0  | 0                              | 0                                      | 0                                  | 0                              | 0  |
| Occupancy                       | 0                                | 0  | 245  | 0                              | 0                                      | 0                                  | 0                              | 76,321   |
| Depreciation                    | 0                                | 0  | 0  | 0                              | 0                                      | 0                                  | 0                              | 0  |
| Minor equipment                 | 0                                | 0  | 0  | 0                              | 0                                      | 0                                  | 0                              | 0  |
| Client assistance               | 0                                | 0  | 83,347   | 0                              | 0                                      | 0                                  | 0                              | 0  |
| Materials and supplies          | 35                               | 24,609   | 0  | 0                              | 0                                      | 0                                  | 5,120                          | 0  |
| Telephone and postage           | 0                                | 0  | 0  | 0                              | 0                                      | 0                                  | 0                              | 0  |
| Other                           | 2                                | 0  | 0  | 679                            | 0                                      | 0                                  | 15                             | 0  |
| Shared costs                    | 4,584                            | 0  | 0  | 44                             | 328                                    | 0                                  | 0                              | 0  |
| Transfers                       | 0                                | 0  | ( 1,446)                                       | 0                              | 0                                      | 0                                  | 0                              | 0  |
| In-kind expenses                | 0                                | 0  | 0  | 0                              | 0                                      | 0                                  | 0                              | 0  |
| <b>Total Expenses</b>           | <b>17,728</b>                    | <b>34,276</b>                                    | <b>82,146</b>                                  | <b>2,768</b>                   | <b>345</b>                             | <b>0</b>                           | <b>17,135</b>                  | <b>76,321</b>                                  |
| <b>Change in Net Assets</b>     | <b>0</b>                         | <b>( 34,276)</b>                                 | <b>0</b>                                       | <b>0</b>                       | <b>0</b>                               | <b>0</b>                           | <b>2,966</b>                   | <b>( 76,321)</b>                               |
| Net assets - Beginning of year  | 0                                | 79,486   | 0  | 0                              | 0                                      | 6,150                              | 8,842                          | 1,988,672                                      |
| <b>NET ASSETS - End of year</b> | <b>\$ 0</b>                      | <b>\$ 45,210</b>                                 | <b>\$ 0</b>                                    | <b>\$ 0</b>                    | <b>\$ 0</b>                            | <b>\$ 6,150</b>                    | <b>\$ 11,808</b>               | <b>\$ 1,912,351</b>                            |

See Independent Auditor's Report.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Schedule A-6 Schedule of Program Activity Year Ended October 31, 2012

### STATE AND LOCAL PROGRAMS

|                                 | Covering Kids and Families of Indiana (34) | I&M Weatherization (35) | CCDF UW (36)  | Housing Rehabilitation (37) | Family Development Lincoln Foundation (38) | Lending Institution (39) | Child Restraint Distribution (40) | Youth (41)  |
|---------------------------------|--|-------------------------|---------------|-----------------------------|--|--------------------------|-----------------------------------|-------------|
| <b>REVENUE</b>                  |  |                         |               |                             |  |                          |                                   |             |
| Grant revenue                   | \$ 189,653                                 | \$ 5,802                | \$ 42,398     | \$ 0                        | \$ 24,670                                  | \$ 0                     | \$ 3,134                          | \$ 0        |
| Donations                       | 225  | 0                       | 0             | 0                           | 0  | 3,000                    | 171                               | 0           |
| Investment income               | 0  | 0                       | 0             | 0                           | 0  | 0                        | 0                                 | 0           |
| Proceeds from sale of home      | 0  | 0                       | 0             | 67,000                      | 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                    | 22,649                                     | 0                       | 0             | 84                          | 0  | 5,348                    | 0                                 | 0           |
| In-kind contributions           | 0  | 0                       | 0             | 0                           | 0  | 0                        | 0                                 | 0           |
| <b>Total Revenue</b>            | <b>212,527</b>                             | <b>5,802</b>            | <b>42,398</b> | <b>67,084</b>               | <b>24,670</b>                              | <b>8,348</b>             | <b>3,305</b>                      | <b>0</b>    |
| <b>EXPENSES</b>                 |  |                         |               |                             |  |                          |                                   |             |
| Personnel                       | 128,179                                    | 788                     | 6,163         | 34,991                      | 18,342                                     | 89,180                   | 698                               | 12,692      |
| Consultants and contract labor  | 2,256                                      | 3,702                   | 0             | 1,452                       | 233  | 19,393                   | 0                                 | 0           |
| Travel                          | 11,178                                     | 485                     | 0             | 5,758                       | 760  | 12,877                   | 428                               | 1,821       |
| Occupancy                       | 10,606                                     | 0                       | 0             | 6,019                       | 2,411                                      | 5,550                    | 0                                 | 985         |
| Depreciation                    | 0  | 0                       | 0             | 0                           | 0  | 0                        | 2,316                             | 0           |
| Minor equipment                 | 0  | 0                       | 0             | 0                           | 0  | 0                        | 0                                 | 0           |
| Client assistance               | 1,532                                      | 3,995                   | 33,250        | 255                         | 9  | 0                        | 0                                 | 372         |
| Materials and supplies          | 11,736                                     | 3,388                   | 0             | 84,718                      | 420  | 2,924                    | 0                                 | 25          |
| Telephone and postage           | 4,897                                      | 0                       | 0             | 1,208                       | 513  | 1,636                    | 0                                 | 315         |
| Other                           | 876  | 500                     | (200)         | 2,108                       | 127  | 1,553                    | 0                                 | 89          |
| Shared costs                    | 19,320                                     | 245                     | 3,185         | 3,603                       | 1,855                                      | 12,801                   | 186                               | 708         |
| Transfers                       | 2,715                                      | 0                       | 0             | (54,243)                    | 0  | (143,905)                | (323)                             | (17,007)    |
| In-kind expenses                | 0  | 0                       | 0             | 0                           | 0  | 0                        | 0                                 | 0           |
| <b>Total Expenses</b>           | <b>193,295</b>                             | <b>13,103</b>           | <b>42,398</b> | <b>85,859</b>               | <b>24,670</b>                              | <b>2,009</b>             | <b>3,305</b>                      | <b>0</b>    |
| <b>Change in Net Assets</b>     | <b>19,232</b>                              | <b>(7,301)</b>          | <b>0</b>      | <b>(18,785)</b>             | <b>0</b>                                   | <b>6,339</b>             | <b>0</b>                          | <b>0</b>    |
| Net assets - Beginning of year  | 0  | 134,864                 | 0             | 0                           | 0  | 74,573                   | 0                                 | 0           |
| <b>NET ASSETS - End of year</b> | <b>\$ 19,232</b>                           | <b>\$ 127,563</b>       | <b>\$ 0</b>   | <b>\$ (18,785)</b>          | <b>\$ 0</b>                                | <b>\$ 80,912</b>         | <b>\$ 0</b>                       | <b>\$ 0</b> |

See Independent Auditor's Report.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Schedule A-7 Schedule of Program Activity Year Ended October 31, 2012

### STATE AND LOCAL PROGRAMS

|                                 | Lead Screening (42) | Client Education (43) | CCDF (44)         | Quality of Life Planning (45) | Inspire (46) | Family Development Kosciusko UW (47) | Dekalb County Community Foundation (48) | Family Development Foellinger Foundation (49) | Strengthening Families (50) |
|---------------------------------|---------------------|-----------------------|-------------------|-------------------------------|--------------|--------------------------------------|---|---|-----------------------------|
| <b>REVENUE</b>                  |                     |                       |                   |                               |              |                                      |   |   |                             |
| Grant revenue                   | \$ 0                | \$ 0                  | \$ 0              | \$ 1,359                      | \$ 138       | \$ 2,483                             | \$ 3,072                                | \$ 65,372                                     | \$ 671                      |
| Donations                       | 0                   | 0                     | 0                 | 0                             | 0            | 0                                    | 0                                       | 0   | 0                           |
| Investment income               | 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                 | 4,456               | 0                     | 143,949           | 0                             | 0            | 0                                    | 0                                       | 0   | 0                           |
| Other income                    | 0                   | 0                     | 0                 | 0                             | 0            | 0                                    | 0                                       | 85  | 0                           |
| In-kind contributions           | 0                   | 0                     | 0                 | 0                             | 0            | 0                                    | 0                                       | 0   | 0                           |
| <b>Total Revenue</b>            | <b>4,456</b>        | <b>0</b>              | <b>143,949</b>    | <b>1,359</b>                  | <b>138</b>   | <b>2,483</b>                         | <b>3,072</b>                            | <b>65,457</b>                                 | <b>671</b>                  |
| <b>EXPENSES</b>                 |                     |                       |                   |                               |              |                                      |   |   |                             |
| Personnel                       | 506                 | 9,662                 | 41,746            | 0                             | 0            | 2,227                                | 0                                       | 56,273  | 671                         |
| Consultants and contract labor  | 0                   | 0                     | 36,542            | 1,500                         | 0            | 0                                    | 0                                       | 232   | 0                           |
| Travel                          | 0                   | 120                   | 8,956             | 0                             | 104          | 222                                  | 0                                       | 1,054   | 0                           |
| Occupancy                       | 0                   | 822                   | 22,719            | 0                             | 0            | 0                                    | 0                                       | 2,155   | 0                           |
| Depreciation                    | 0                   | 0                     | 963               | 0                             | 0            | 0                                    | 0                                       | 0   | 0                           |
| Minor equipment                 | 0                   | 0                     | 885               | 0                             | 0            | 0                                    | 0                                       | 0   | 0                           |
| Client assistance               | 0                   | ( 90)                 | 0                 | 0                             | 0            | 0                                    | 3,072                                   | 9   | 0                           |
| Materials and supplies          | 0                   | 8                     | 13,076            | 0                             | 0            | 0                                    | 0                                       | 309   | 0                           |
| Telephone and postage           | 0                   | 330                   | 0                 | 0                             | 0            | 21                                   | 0                                       | 557   | 0                           |
| Other                           | 0                   | 146                   | 5,211             | 0                             | 34           | 0                                    | 0                                       | 72  | 0                           |
| Shared costs                    | 0                   | 194                   | 1,618             | 31                            | 0            | 13                                   | 0                                       | 5,118   | 0                           |
| Transfers                       | 0                   | ( 11,192)             | 0                 | ( 172)                        | 0            | 0                                    | 0                                       | ( 322)  | 0                           |
| In-kind expenses                | 0                   | 0                     | 0                 | 0                             | 0            | 0                                    | 0                                       | 0   | 0                           |
| <b>Total Expenses</b>           | <b>506</b>          | <b>0</b>              | <b>131,716</b>    | <b>1,359</b>                  | <b>138</b>   | <b>2,483</b>                         | <b>3,072</b>                            | <b>65,457</b>                                 | <b>671</b>                  |
| Change in Net Assets            | 3,950               | 0                     | 12,233            | 0                             | 0            | 0                                    | 0                                       | 0   | 0                           |
| Net assets - Beginning of year  | 0                   | 0                     | 128,202           | 0                             | 0            | 0                                    | 0                                       | 0   | 0                           |
| <b>NET ASSETS - End of year</b> | <b>\$ 3,950</b>     | <b>\$ 0</b>           | <b>\$ 140,435</b> | <b>\$ 0</b>                   | <b>\$ 0</b>  | <b>\$ 0</b>                          | <b>\$ 0</b>                             | <b>\$ 0</b>                                   | <b>\$ 0</b>                 |

See Independent Auditor's Report.

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Schedule A-8 Schedule of Program Activity Year Ended October 31, 2012

|                                 | STATE AND LOCAL                |                       | OTHER                  |                      | DISCRETIONARY    |                        |                        |                                     |                     |  |
|---------------------------------|--------------------------------|-----------------------|------------------------|----------------------|------------------|------------------------|------------------------|-------------------------------------|---------------------|--|
|                                 | Total State and Local Activity | GAAP Adjustments (51) | Total Program Activity | Hopewell Pointe (52) | IT Services (53) | Social Enterprise (54) | Agency Operations (55) | Energy Savers Consultants, LLC (56) | Total Discretionary |  |
| <b>REVENUE</b>                  |                                |                       |                        |                      |                  |                        |                        |                                     |                     |  |
| Grant revenue                   | \$ 549,907                     | \$ 0                  | \$ 16,362,298          | \$ 0                 | \$ 0             | \$ 0                   | \$ 0                   | \$ 0                                | \$ 0                |  |
| Donations                       | 5,523                          | 0                     | 6,148                  | 0                    | 0                | 0                      | 26,992                 | 33,797                              | 60,789              |  |
| Investment income               | 0                              | 0                     | 0                      | 0                    | 0                | 0                      | 76,398                 | 0                                   | 76,398              |  |
| Proceeds from sale of home      | 67,000                         | 0                     | 67,000                 | 0                    | 0                | 0                      | 0                      | 0                                   | 0                   |  |
| Developer fee                   | 0                              | 0                     | 0                      | 171,702              | 0                | 0                      | 0                      | 0                                   | 171,702             |  |
| Fee for service                 | 148,405                        | 0                     | 148,405                | 0                    | 5,170            | 0                      | 0                      | 0                                   | 5,170               |  |
| Other income                    | 36,712                         | 0                     | 57,578                 | 0                    | 0                | 0                      | 54,875                 | 11,581                              | 66,456              |  |
| In-kind contributions           | 0                              | ( 549,979)            | 942,720                | 0                    | 0                | 0                      | 0                      | 0                                   | 0                   |  |
| <b>Total Revenue</b>            | <b>807,547</b>                 | <b>( 549,979)</b>     | <b>17,584,149</b>      | <b>171,702</b>       | <b>5,170</b>     | <b>0</b>               | <b>158,265</b>         | <b>45,378</b>                       | <b>380,515</b>      |  |
| <b>EXPENSES</b>                 |                                |                       |                        |                      |                  |                        |                        |                                     |                     |  |
| Personnel                       | 553,657                        | 0                     | 6,063,844              | 0                    | 0                | 0                      | 885                    | 0                                   | 885                 |  |
| Consultants and contract labor  | 89,552                         | 0                     | 1,357,822              | 97,552               | 0                | 0                      | 4,200                  | 15,727                              | 117,479             |  |
| Travel                          | 54,911                         | 0                     | 318,115                | 0                    | 0                | 108                    | 550                    | 0                                   | 658                 |  |
| Occupancy                       | 75,180                         | 0                     | 556,192                | 0                    | 0                | 0                      | 0                      | 2,925                               | 2,925               |  |
| Depreciation                    | 79,600                         | 57,268                | 136,868                | 0                    | 0                | 0                      | 983                    | 0                                   | 983                 |  |
| Minor equipment                 | 885                            | 0                     | 4,084                  | 0                    | 0                | 0                      | 2,316                  | 3,346                               | 5,662               |  |
| Client assistance               | 125,997                        | 0                     | 5,642,689              | 0                    | 0                | 0                      | 508                    | 0                                   | 508                 |  |
| Materials and supplies          | 150,264                        | 0                     | 910,732                | ( 2,750)             | 0                | 0                      | 5,295                  | 0                                   | 2,545               |  |
| Telephone and postage           | 16,427                         | 0                     | 119,457                | 0                    | 0                | 0                      | 329                    | 553                                 | 882                 |  |
| Other                           | 15,127                         | 0                     | 147,581                | 0                    | 38               | 33,689                 | 16,890                 | 0                                   | 50,617              |  |
| Shared costs                    | 82,973                         | 0                     | 1,531,614              | 0                    | 5,813            | 0                      | 14,943                 | 0                                   | 20,756              |  |
| Transfers                       | ( 345,063)                     | 0                     | 192                    | 0                    | 0                | 0                      | ( 192)                 | 0                                   | ( 192)              |  |
| In-kind expenses                | 0                              | ( 549,979)            | 942,720                | 0                    | 0                | 0                      | 0                      | 0                                   | 0                   |  |
| <b>Total Expenses</b>           | <b>899,510</b>                 | <b>( 492,711)</b>     | <b>17,731,910</b>      | <b>94,802</b>        | <b>5,851</b>     | <b>33,797</b>          | <b>43,725</b>          | <b>22,551</b>                       | <b>200,726</b>      |  |
| <b>Change in Net Assets</b>     | <b>( 91,963)</b>               | <b>( 57,268)</b>      | <b>( 147,761)</b>      | <b>76,900</b>        | <b>( 681)</b>    | <b>( 33,797)</b>       | <b>114,540</b>         | <b>22,827</b>                       | <b>179,789</b>      |  |
| Net assets - Beginning of year  | 2,420,789                      | 721,811               | 3,203,297              | 90,547               | 10,051           | 34,799                 | 448,724                | 0                                   | 584,121             |  |
| <b>NET ASSETS - End of year</b> | <b>\$ 2,328,826</b>            | <b>\$ 664,543</b>     | <b>\$ 3,055,536</b>    | <b>\$ 167,447</b>    | <b>\$ 9,370</b>  | <b>\$ 1,002</b>        | <b>\$ 563,264</b>      | <b>\$ 22,827</b>                    | <b>\$ 763,910</b>   |  |

See Independent Auditor's Report.

# Community Action of Northeast Indiana, Inc.

## Schedule B-1

### Schedule of Expenditures of Federal Awards

Year Ended October 31, 2012

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u>                   | <u>Federal CFDA Number</u> | <u>Grant Number</u>                                     | <u>Expenditures</u>   |
|---|----------------------------|---|-----------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                       |                            |   |                       |
| <u>Passed-Through Indiana Department of Education</u>                       |                            |   |                       |
| ( 1) Child and Adult Care Food Program                                      | 10.558                     | 1020006   | <u>\$ 328,448</u>     |
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>                     |                            |   |                       |
| <u>Passed-Through Indiana Housing and Community Development Authority</u>   |                            |   |                       |
| ( 2) Emergency Solutions Grant Program                                      | 14.231                     | ESRR-011-03   | <u>251</u>            |
| <u>Passed-Through Indiana Housing and Community Development Authority</u>   |                            |   |                       |
| ( 3) Shelter Plus Care  | 14.238                     | SC-011-0019   | 161,546               |
|   |                            | SC-012-0019   | <u>14,293</u>         |
|   |                            | <b>Subtotal CFDA #14.238</b>                            | <b><u>175,839</u></b> |
| <u>Passed-Through Indiana Housing and Community Development Authority</u>   |                            |   |                       |
| ( 4) ARRA - Homeless Prevention and Rapid Re-housing                        | 14.257 - ARRA              | HPRP-009-010  | 465,721               |
| <u>Passed-Through City of Fort Wayne</u>                                    |                            |   |                       |
| ( 5) ARRA - Homeless Prevention Rapid Rehousing                             |                            | N/A   | <u>51,282</u>         |
|   |                            | <b>Subtotal CFDA #14.257 - ARRA</b>                     | <b><u>517,003</u></b> |
| <u>Passed-Through Indiana Housing and Community Development Authority</u>   |                            |   |                       |
| ( 6) Section 8 Housing Choice Vouchers                                      | 14.871                     | SH011   | 638,931               |
|   |                            | SH012   | <u>120,688</u>        |
|   |                            | <b>Subtotal CFDA #14.871</b>                            | <b><u>759,619</u></b> |
| <b>U.S. DEPARTMENT OF LABOR</b>   |                            |   |                       |
| <u>Passed-Through Northeast Indiana Regional Workforce Investment Board</u> |                            |   |                       |
| ( 7) Jobs for America's Graduates   | 17.259                     | Youth 2012-CANI-01                                      | <u>463,249</u>        |
| <b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>                                  |                            |   |                       |
| <u>Direct</u>   |                            |   |                       |
| ( 8) Supportive Services for Veteran Families                               | 64.003                     | 12-IN-539   | <u>1,295</u>          |
| <b>U.S. DEPARTMENT OF ENERGY</b>  |                            |   |                       |
| <u>Passed-Through Indiana Housing and Community Development Authority</u>   |                            |   |                       |
| ( 9) Weatherization Assistance for Low-Income Persons                       | 81.042                     | WX-010-007  | <u>192,637</u>        |
| ( 10) ARRA - Home Energy Conservation                                       | 81.042 - ARRA              | HEC-010-004   | 253,155               |
|   |                            | HEC-012-004   | <u>150,000</u>        |
|   |                            | <b>Subtotal CFDA #81.042 - ARRA</b>                     | <b><u>403,155</u></b> |
|   |                            | <b>Subtotal Cluster CFDA #81.042 and #81.042 - ARRA</b> | <b><u>595,792</u></b> |

# Community Action of Northeast Indiana, Inc.

## Schedule B-2

### Schedule of Expenditures of Federal Awards

Year Ended October 31, 2012

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u>                               | <u>Federal<br/>CFDA<br/>Number</u> | <u>Grant Number</u>          | <u>Expenditures</u> |
|---|------------------------------------|------------------------------|---------------------|
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                                     |                                    |                              |                     |
| <u>Passed-Through Indiana Housing and Community Development Authority</u>               |                                    |                              |                     |
| ( 11) Low-Income Home Energy Assistance   | 93.568                             | WL-012-007                   | 1,153,141           |
|   |                                    | WL-013-007                   | 15,915              |
| ( 12) Low-Income Home Energy Assistance   |                                    | LI-009-007-3                 | 4,322,969           |
|   |                                    | LI-013-007                   | 40,660              |
|   |                                    | <b>Subtotal CFDA #93.568</b> | <b>5,532,685</b>    |
| <u>Passed-Through Indiana Housing and Community Development Authority</u>               |                                    |                              |                     |
| ( 13) Community Services Block Grant  | 93.569                             | CS-011-007                   | 141,760             |
|   |                                    | CS-012-007                   | 601,401             |
| ( 14) Community Services Block Grant - BEED   |                                    | CS-10-024CSBG                | 0                   |
|   |                                    | <b>Subtotal CFDA #93.569</b> | <b>743,161</b>      |
| <u>Direct Grant</u>   |                                    |                              |                     |
| ( 15) Microenterprise Development Program   | 93.576                             | 90RG0093/01                  | 121,649             |
|   |                                    | 90RG0093/02                  | 261                 |
|   |                                    | <b>Subtotal CFDA #93.576</b> | <b>121,910</b>      |
| <u>Passed-Through Indiana Family and Social Services Administration</u>                 |                                    |                              |                     |
| ( 16) Child Care Mandatory and Matching Funds of the Child<br>Care and Development Fund | 93.596                             | F1-2-02-12-34-1671           | 476,547             |
| <u>Direct Grant</u>   |                                    |                              |                     |
| ( 17) Head Start (including \$625,499 of delegated expenses)                            | 93.600                             | 05CH4038/46                  | 6,016,262           |
| ( 18) Head Start Body Start   |                                    | C041                         | 1,059               |
|   |                                    | <b>Subtotal CFDA #93.600</b> | <b>6,017,321</b>    |

# Community Action of Northeast Indiana, Inc.

## Schedule B-3

### Schedule of Expenditures of Federal Awards

Year Ended October 31, 2012

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u>                                 | <u>Federal CFDA Number</u> | <u>Grant Number</u>               | <u>Expenditures</u>         |
|---|----------------------------|-----------------------------------|-----------------------------|
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>                           |                            |                                   |                             |
| <u>Passed-Through Indiana Housing and Community Development Authority</u>                 |                            |                                   |                             |
| ( 19) Assets for Independence Demonstration Program                                       | 93.602                     | IDA011-005B                       | <u>5,482</u>                |
| <u>Passed-Through Indiana Department of Commerce and Indiana Rural Health Association</u> |                            |                                   |                             |
| ( 20) Noble County Outreach Project   | 93.912                     | HRSA-12-083                       | <u>28,433</u>               |
| <b>Corporation for National and Community Service</b>                                     |                            |                                   |                             |
| <u>Passed-Through the Office of Faith Based Initiatives</u>                               |                            |                                   |                             |
| ( 21) AmeriCorps  | 94.006                     | F20-3-12-AC-001                   | 15,398                      |
| <u>Passed-Through United Way of Allen County</u>  |                            |                                   |                             |
| AmeriCorps  |                            | N/A                               | <u>29,958</u>               |
|   |                            | <b>Subtotal CFDA #94.006</b>      | <u><b>45,356</b></u>        |
|   |                            | <b>TOTAL FEDERAL EXPENDITURES</b> | <u><b>\$ 15,812,391</b></u> |

#### Notes to Schedule of Expenditures of Federal Awards

##### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Community Action of Northeast Indiana, Inc. under programs of the federal government for the year ended October 31, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Community Action of Northeast Indiana, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Community Action of Northeast Indiana, Inc.

##### Note 2 - Summary of Significant Accounting Policies

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



**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. and Subsidiaries  
Fort Wayne, Indiana

We have audited the financial statements of Community Action of Northeast Indiana, Inc. and Subsidiaries as of and for the year ended October 31, 2012, and have issued our report thereon dated April 11, 2013. 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*, and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Hopewell Pointe GP, Inc. and Energy Savers Consultants, LLC.

**Internal Control Over Financial Reporting**

Management of Community Action of Northeast Indiana, Inc. is responsible for establishing and maintaining effective 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 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, as defined above. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 103112-01, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## 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*.

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

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and on compliance and other matters, and the results of that testing, and not to provide an opinion on the effectiveness of Community Action of Northeast Indiana, Inc.'s internal control over financial reporting or on compliance and other matters. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action of Northeast Indiana, Inc.'s internal control over financial reporting and on compliance and other matters. Accordingly, this report is not suitable for any other purpose.

  
Wipfli LLP

April 11, 2013  
Madison, Wisconsin

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

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, 2012. 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, 2012.

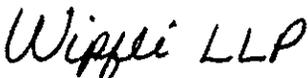
## Internal Control Over Compliance

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.

The purpose of this report is solely to describe the scope of our testing of compliance with the specific program compliance requirements referred to above that are applicable to each of Community Action of Northeast Indiana, Inc.'s major federal programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on Community Action of Northeast Indiana, Inc.'s compliance but not to provide an opinion on the effectiveness of Community Action of Northeast Indiana, Inc.'s internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action of Northeast Indiana, Inc.'s compliance with the specific program compliance requirements applicable to its major federal programs and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

  
Wipfli LLP

April 11, 2013  
Madison, Wisconsin

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Schedule of Findings and Questioned Costs

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### 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? | Yes         |
| 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:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u>               |
|--------------------|---|
| 14.257 - ARRA      | Homeless Prevention and Rapid Re-housing                |
| 17.259             | Job's for America's Graduates                           |
| 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               |
| 93.569             | Community Services Block Grant Program                  |
| 93.596             | Child Care and Development Fund                         |

|   |           |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B Programs | \$474,372 |
| Auditee qualified as low-risk auditee?                                  | No        |

# Community Action of Northeast Indiana, Inc. and Subsidiaries

## Schedule of Findings and Questioned Costs

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### Section II – Financial Statement Findings

#### AUDIT ADJUSTMENTS (103112-01)

##### Condition

During our audit, Wipfli LLP proposed multiple adjusting journal entries which we deem to be significant in relation to the consolidated 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 significant deficiency 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 significant deficiency 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 Current Year Finding

CANI failed to book revenue earned and an accrued expense for its subsidiary, Hopewell Pointe, as outlined in the terms of the Development agreement. Management has implemented a process whereas Management and Fiscal will meet to discuss the terms of all financial agreements of CANI and its subsidiaries in order to ensure accurate reporting.

### Section III – Federal Award Findings and Questioned Costs

None

### Section IV – Prior Year Findings and Questioned Costs

None

