



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B45196

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June 23, 2015

Board of Directors  
Community Action of East Central Indiana, Inc.  
P.O. Box 1314  
Richmond, IN 47375

We have reviewed the audit report prepared by Gauthier & Kimmerling, LLC, for the period January 1, 2013 to December 31, 2013. 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 East Central Indiana, Inc., as of December 31, 2013, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

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

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

COMMUNITY ACTION OF EAST CENTRAL INDIANA

TABLE OF CONTENTS

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	<u>Page Number</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11



Independent Auditors' Report

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Community Action of East Central Indiana (CAECI), which comprise the statements of financial position as of December 31, 2013, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

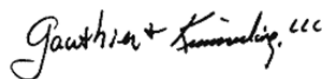
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CAECI as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2014 on our consideration of CAECI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CAECI's internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "Gauthier + Kinnear, LLC".

September 30, 2014

**COMMUNITY ACTION OF EAST CENTRAL INDIANA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2013**

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**ASSETS**

Cash and cash equivalents	\$ 125,930
Grants receivable (Note 5)	102,459
Property, net of accumulated depreciation (Note 4)	<u>811,286</u>
Total Assets	<u><u>\$ 1,039,675</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:

Accounts payable	\$ 361,164
Accrued expenses	141,602
Note payable (Note 7)	<u>348,990</u>
Total Liabilities	<u>851,756</u>
Unrestricted Net Assets	<u>187,919</u>
Total Liabilities and Net Assets	<u><u>\$ 1,039,675</u></u>

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

**COMMUNITY ACTION OF EAST CENTRAL INDIANA, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Unrestricted	Temporarily Restricted	Total
<b><u>REVENUES AND OTHER SUPPORT</u></b>			
Grants (Note 5)	\$ -	4,059,195	\$ 4,059,195
Contributions	45,246	-	45,246
Interest Income	24	-	24
Other income	135,003	-	135,003
In-kind donations	11,905	-	11,905
Revenues and other support	192,178	4,059,195	4,251,373
Revenues released from restriction	4,059,195	(4,059,195)	-
Total Revenues and Other Support	4,251,373	-	4,251,373
 <b><u>EXPENSES</u></b>			
Early education	2,290,524	-	2,290,524
Energy assistance	1,198,375	-	1,198,375
Community service	188,331	-	188,331
Housing	287,914	-	287,914
Total Program	3,965,144	-	3,965,144
Management and general	158,285	-	158,285
Total Expenses	4,123,429	-	4,123,429
Increase (decrease) in net assets	127,944	-	127,944
Net assets - beginning of year	59,975	-	59,975
Net assets - end of year	\$ 187,919	\$ -	\$ 187,919

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

**COMMUNITY ACTION OF EAST CENTRAL INDIANA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Community Services	Housing	Energy Assistance	Early Education	Program Total	Management and General	Total Expenses
Personnel	\$ 71,829	\$ 28,635	\$ 116,508	\$ 1,580,826	\$ 1,797,798	\$ 74,909	1,872,707
Occupancy	7,253	241,451	4,695	113,938	367,337	15,027	382,364
Telephone and postage	4,179	1,616	10,107	21,055	36,957	1,542	38,499
Professional fees	15,222	1,146	970	19,940	37,278	1,554	38,832
Contractual	10,346	420	2,950	43,653	57,369	2,428	59,797
Supplies	3,535	854	4,686	34,938	44,013	183	44,196
Equipment	1,852	320	3,068	30,607	35,847	1,491	37,338
Travel	41	572	1,084	1,259	2,956	190	3,146
Insurance	5,985	923	5,232	55,201	67,341	2,807	70,148
Printing	743	116	1,298	8,232	10,389	433	10,822
Program services	38,061	11,834	1,044,874	294,034	1,388,803	4,196	1,392,999
Depreciation	3,851	-	2,788	20,639	27,278	50,198	77,476
Interest	19,486	-	-	-	19,486	812	20,298
In-Kind	-	-	-	11,905	11,905	-	11,905
Other	5,461	27	115	2,316	7,919	328	8,247
Training	487	-	-	51,981	52,468	2,187	54,655
	<u>\$ 188,331</u>	<u>\$ 287,914</u>	<u>\$ 1,198,375</u>	<u>\$ 2,290,524</u>	<u>\$ 3,965,144</u>	<u>\$ 158,285</u>	<u>\$ 4,123,429</u>
Total							

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



**COMMUNITY ACTION OF EAST CENTRAL INDIANA, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 127,944
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	77,476
(Increase) decrease in operating assets:	
Grants receivable	(21,520)
Increases (decreases) in operating liabilities:	
Accounts payable	(33,670)
Accrued expenses	<u>47,405</u>
Net Cash Provided by (Used in) Operating Activities	<u>197,635</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Equipment	<u>(111,104)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(111,104)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payment on debt	<u>(35,032)</u>
Net Cash Provided by (Used in) Financing Activities	<u>(35,032)</u>

Net increase (decrease) in cash	51,499
Cash - beginning of year	<u>74,431</u>
Cash - end of year	<u>\$ 125,930</u>
Interest paid during the year	<u>\$ 20,471</u>

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

COMMUNITY ACTION OF EAST CENTRAL INDIANA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

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1. NATURE OF THE ORGANIZATION

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

During 2013, CAECI was actively involved in:

- Child education
- Housing
- Community services
- Energy assistance

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

(Continued)

## 2. SIGNIFICANT ACCOUNTING POLICIES – Continued

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

CAECI is exempt from income taxation under the Internal Revenue Code Section 501(c)(3). Management believes that CAECI has addressed all relevant tax positions and that there are no unrecorded tax liabilities. CAECI believes it is no longer subject to tax examination for the years prior to 2010.

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

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

CAECI reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. There were no impairment losses recognized in 2013.

## 3. FINANCIAL INSTRUMENTS

CAECI maintains its cash in deposit accounts that, at times, may exceed federally insured limits. There were no excesses during 2013.

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

## 4. PROPERTY AND EQUIPMENT

CAECI's property and equipment consisted of the following at December 31, 2013:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 28,000	\$ -	\$ 28,000
Building	494,415	216,995	277,420
Building improvements	470,748	182,395	288,353
Equipment	<u>860,952</u>	<u>643,439</u>	<u>217,513</u>
Total	<u>\$ 1,854,115</u>	<u>\$ 1,042,829</u>	<u>\$ 811,286</u>

Depreciation expense for the year totaled \$77,476.

5. GRANT REVENUE, GRANTS RECEIVABLE, AND DEFERRED REVENUE

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

Grantor/Program Title	Grants Receivable 12/31/12	Grant Revenue 12/31/13	Collections 12/31/13	Grants Receivable 12/31/13
<b><i>U.S. Department of Agriculture</i></b>				
Child and Adult Care				
Food Program	\$ 34,149	\$ 147,060	\$ 169,693	\$ 11,516
Housing Preservation	24,548	12,724	37,272	-
<b><i>HUD</i></b>				
Section 8	-	286,859	262,163	24,696
<b><i>U.S. Department of Energy</i></b>				
Weatherization Assistance	-	-	-	-
<b><i>HHS</i></b>				
EAP	22,241	1,218,432	1,208,079	32,594
EFS	-	703	703	-
CSBG	-	160,848	148,540	12,308
Head Start	-	1,523,182	1,505,001	18,181
Early Head Start	-	709,387	706,223	3,164
<b>Totals</b>	<b>\$ 80,938</b>	<b>\$ 4,059,195</b>	<b>\$ 4,037,674</b>	<b>\$ 102,459</b>

6. EMPLOYEE RETIREMENT PLAN

CAECI offers a 403(b) annuity plan. Any employee who has completed one year of employment is eligible. CAECI contributes \$50 to the plan for those with health insurance benefits, or \$410 a month for members of the bargaining unit without employer provided health coverage. Contributions made by CAECI were \$122,649 for the year ended December 31, 2013.

7. NOTE PAYABLE

As of December 31, 2013, notes payable consisted of the following:

CAECI obtained a promissory note from U.S. Bank with interest at the rate of 5.789%. Monthly payments are \$4,592, with the outstanding balance due May 2016. Outstanding balance was \$323,990 at December 31, 2013.

CAECI obtained a promissory note from a board member in the original amount of \$25,000 with interest at the rate of 6%. Biannual payments are \$4,615, with the note maturing January 2015. Outstanding balance was \$25,000 at December 31, 2013.

(Continued)

7. NOTE PAYABLE - Continued

Future principal maturities on the note payable are as follows:

Year ending December 31,

2014	43,247
2015	67,449
2016	238,294
2017	-
Thereafter	-
Total	<u>\$ 348,990</u>

8. FAIR VALUE MEASUREMENT

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

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

At December 31, 2013, there were no assets or liabilities valued on a recurring basis.

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

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

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

9. SUBSEQUENT EVENTS

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

10. ACCOUNTS PAYABLE CONTINGENCY

In late 2009, early 2010 CAECI incurred approximately \$290,000 in program service expenses beyond grant reimbursements. Management has replaced all the fiscal staff responsible for coordinating compliance and program budget. New financial controls have been implemented to control purchasing, and produce timely financial reports. An agency wide budget to actual has been developed and is provided to the Board. Staff has been trained to identify budget problems and the Board has been trained to improve fiscal oversight. CAECI has contacted all unpaid vendors to negotiate payment arrangements and also has initiated a project to implement a capital campaign and develop other revenue sources to repay its obligations. These obligations could lead to vendor actions against CAECI including discontinued service and or actions to collect amounts owed.

11. IN-KIND DONATIONS

CAECI receives significant donations of volunteer time during the year. Only the donation of classroom space is recognized as revenue on these financial statements. This revenue totaled \$11,905 in 2013. Volunteer time is used as match for grants but does not meet the definition of revenue by accordance with Accounting Standards, Financial Statements of Not-for-Profit Organizations.

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

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

**DECEMBER 31, 2013**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Community Action of East Central Indiana (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Community Action of East Central Indiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 East Central Indiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Community Action of East Central Indiana's financial statements are free from 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.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gauthier + Kinnick, LLC".

September 30, 2014



REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF  
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Community Action of East Central Indiana's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Community Action of East Central Indiana's major federal programs for the year ended December 31, 2013. Community Action of East Central Indiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Action of East Central Indiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action of East Central Indiana'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Community Action of East Central Indiana's compliance.

Opinion on Each Major Federal Program

In our opinion, Community Action of East Central Indiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

## Report on Internal Control over Compliance

Management of Community Action of East Central Indiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Action of East Central Indiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 East Central Indiana's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of CAECI as of and for the year ended December 31, 2013, and have issued our report dated September 30, 2014, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has

been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects to the financial statements as a whole.

*Gauthier + Kinnear, LLC*

September 30, 2014

Community Action of East Central Indiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
Child and Adult Care Food Program	10.558	CACFP - 2013	\$ 147,060
Housing Preservation	10.433	HCFP - HPG - 2010	<u>12,724</u>
<b>Total U.S. Department of Agriculture</b>			<u>159,784</u>
<b>U.S. Department of Housing and Urban Development:</b>			
Indiana Housing and Community Development Authority Lower Income Housing Assistance Program-Section 8	14.871	HCV - SEC 8 - 2013	<u>286,859</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>286,859</u>
<b>U.S. Department of Health and Human Services:</b>			
Indiana Housing and Community Development Authority Low-Income Home Energy Assistance	93.568	LI - 013 - 015 LI - 014 - 015	1,031,529 <u>186,903</u>
Total LIHEAP			<u>1,218,432</u>
Emergency Food and Shelter	97.114	PHASE 30	<u>703</u>
Community Services Block Grant	93.569	CS-013-005	<u>160,848</u>
Head Start Early Head Start	93.600	05CH8314 / 01 05CH4014/47	1,001,971 <u>1,230,598</u>
Total Head Start			<u>2,232,569</u>
<b>Total U.S. Department of Health and Human Services:</b>			<u>3,612,552</u>
<b>Total Expenditure of Federal Awards</b>			<u>\$ 4,059,195</u>

The accompanying notes are an integral part of this schedule.  
Community Action of East Central Indiana  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2013

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

Basis of Presentation – The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of CAECI under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*. Because the schedule presents only a select portion of the operations of CAECI, it is not intended to and does not present the financial position, changes in net assets of cash flows of CAECI.

Summary of Significant Accounting Policies – Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Community Action of East Central Indiana  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2013

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<u>ITEM NUMBER</u>	<u>STATUS OF PRIOR AUDIT FINDING</u>
None	N/A

Community Action of East Central Indiana  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2013

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

Financial Statements:

Type of auditor report issued: *Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted: *No*

Federal Awards:

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? *No*

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
93.568	Low-Income Home Energy Assistance



Community Action of East Central Indiana  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2013

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

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

Auditee qualified as low-risk auditee? Yes

**Section II - Financial Statement Findings**

*No matters were reported.*

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

*No matters were reported.*