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May 22, 2009

Board of Directors
East Wayne Street Center, Inc.
801 E. Wayne St.
Fort Wayne, IN 46802

We have reviewed the audit report prepared by Dulin, Ward & DeWald, Inc., Independent Public Accountants, for the period November 1, 2006 to October 31, 2007. 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 the East Wayne Street Center, Inc., as of October 31, 2007, 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.

STATE BOARD OF ACCOUNTS

02-695.00

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10-31-07

EAST WAYNE STREET CENTER, INC.

FINANCIAL STATEMENTS

Year Ended October 31, 2007

With Summarized Information for October 31, 2006

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
East Wayne Street Center, Inc.
Fort Wayne, Indiana

We have audited the accompanying statement of financial position of East Wayne Street Center, Inc. (a nonprofit organization) as of October 31, 2007, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's October 31, 2006 financial statements, and in our report dated December 12, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Wayne Street Center, Inc. as of October 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with the generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 28, 2008 on our consideration of East Wayne Street Center, Inc.'s internal control over financial reporting and 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 read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of East Wayne Street Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and related notes is presented for the purpose of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Dubin, Ward & DeWard, Inc.

Fort Wayne, Indiana
February 28, 2008

EAST WAYNE STREET CENTER, INC.
STATEMENT OF FINANCIAL POSITION
 October 31, 2007 with Summarized Financial
 Information for October 31, 2006

	2007	2006 (As Restated)
ASSETS		
Cash	\$ 22,497	\$ 116,579
Short term investments	2,114	2,114
Receivables:		
Pledges	75,000	125,000
Claims	85,993	45,619
Prepaid expenses	10,364	10,511
Fixed assets - net	<u>804,976</u>	<u>842,175</u>
Total Assets	<u>\$ 1,000,944</u>	<u>\$ 1,141,998</u>
LIABILITIES AND NET ASSETS		
Lines of credit	\$ 40,000	\$ 58,729
Accounts payable	76,799	72,104
Accrued payroll and related expenses	<u>19,973</u>	<u>13,173</u>
Total Liabilities	136,772	144,006
Net Assets:		
Unrestricted	710,748	838,569
Temporarily restricted	<u>153,424</u>	<u>159,423</u>
Total Net Assets	<u>864,172</u>	<u>997,992</u>
Total Liabilities and Net Assets	<u>\$ 1,000,944</u>	<u>\$ 1,141,998</u>

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

EAST WAYNE STREET CENTER, INC.
STATEMENT OF ACTIVITIES
Year Ended October 31, 2007 with Summarized
Information for the Year Ended October 31, 2006

	Unrestricted	Temporarily Restricted
CHANGES IN NET ASSETS		
Support and Revenues:		
Head Start:		
Contributions	\$ -	\$ -
Contributions-in-kind	9,656	-
Grants - federal	635,807	-
Interest	76	-
Center:		
Contributions	5,849	-
Grants - state	19,755	-
Grants - other	105,951	144,671
Special events:		
Proceeds	63,468	4,000
Less: Direct benefit to donors	(8,647)	-
Contract revenue	55,591	-
Interest	1,023	-
Other	7,204	-
Net Assets Released From Restrictions:		
Satisfaction of program requirements	79,670	(79,670)
Satisfaction of time requirement	75,000	(75,000)
	1,050,403	(5,999)
Total Support and Revenues		
Expenses and Losses:		
Head Start	648,063	-
Community Home Repair	53,154	-
Parents as Teachers	32,266	-
Literacy	73,633	-
Drug Prevention	64,205	-
Family Mentoring	45,572	-
Other programs	120,807	-
Administration	72,802	-
Fundraising	67,189	-
Loss on disposal of fixed assets	533	-
	1,178,224	-
Total Expenses and Losses		
CHANGE IN NET ASSETS	(127,821)	(5,999)
NET ASSETS - beginning of year	838,569	159,423
PRIOR PERIOD ADJUSTMENT	-	-
NET ASSETS - beginning of year - as restated	838,569	159,423
NET ASSETS - end of year	\$ 710,748	\$ 153,424

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

2007

2006
(As Restated)

\$ -	\$ 35,000
9,656	10,883
635,807	624,748
76	103
5,849	91,871
19,755	28,294
250,622	298,605
67,468	18,228
(8,647)	(3,800)
55,591	79,338
1,023	1,506
7,204	13,331
-	-
-	-
<hr/> 1,044,404	<hr/> 1,198,107
648,063	661,435
53,154	35,934
32,266	27,747
73,633	57,563
64,205	65,701
45,572	32,164
120,807	121,494
72,802	79,774
67,189	59,425
533	-
<hr/> 1,178,224	<hr/> 1,141,237
(133,820)	56,870
997,992	907,009
-	34,113
<hr/> 997,992	<hr/> 941,122
<hr/> <u>\$ 864,172</u>	<hr/> <u>\$ 997,992</u>

EAST WAYNE STREET CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended October 31, 2007 with Summarized
Financial Information for the Year Ended October 31, 2006

	Head Start	Community Home Repair	Parents as Teachers	Literacy	Drug Prevention
Salaries	\$ 341,540	\$ 39,971	\$ 21,336	\$ 50,852	\$ 5,119
Payroll tax expense	33,596	4,617	2,464	5,873	591
Employee benefits	86,576	-	886	4,695	-
Total Salaries and Related Expenses	461,712	44,588	24,686	61,420	5,710
Program expense	95,029	2,417	202	3,499	52,346
Professional fees	12,184	1,110	1,332	1,110	1,110
Utilities	18,308	676	811	676	676
Insurance and other	7,499	784	941	784	784
Transportation	5,283	-	-	2,565	-
Office expense	13,329	532	638	532	532
Repairs and maintenance	13,722	764	917	764	764
Telephone	4,376	297	356	297	297
Interest	-	-	-	-	-
Miscellaneous	241	100	120	100	100
Security	-	-	-	-	-
Total Expenses Before Depreciation	631,683	51,268	30,003	71,747	62,319
Depreciation	16,380	1,886	2,263	1,886	1,886
Total Expenses	<u>\$ 648,063</u>	<u>\$ 53,154</u>	<u>\$ 32,266</u>	<u>\$ 73,633</u>	<u>\$ 64,205</u>

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

Family Mentoring	Other Programs	Admin- istration	Fund Raising	2007	2006 (As Restated)
\$ 29,110	\$ 64,717	\$ 26,621	\$ 20,477	\$ 599,743	\$ 604,683
3,362	8,097	3,104	2,365	64,069	58,086
6,957	5,278	7,072	-	111,464	114,704
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
39,429	78,092	36,797	22,842	775,276	777,473
1,225	10,940	-	19,753	185,411	164,296
888	7,775	5,774	4,441	35,724	31,179
541	2,298	3,514	2,703	30,203	30,401
627	2,666	4,078	3,137	21,300	19,949
-	6,318	-	-	14,166	17,406
425	1,808	2,765	2,127	22,688	16,435
611	2,597	3,972	3,055	27,166	14,968
237	1,009	1,543	1,187	9,599	10,048
-	-	3,602	-	3,602	3,078
80	341	522	401	2,005	2,281
-	551	429	-	980	1,956
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
44,063	114,395	62,996	59,646	1,128,120	1,089,470
1,509	6,412	9,806	7,543	49,571	51,767
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 45,572</u>	<u>\$ 120,807</u>	<u>\$ 72,802</u>	<u>\$ 67,189</u>	<u>\$ 1,177,691</u>	<u>\$ 1,141,237</u>

EAST WAYNE STREET CENTER, INC.
STATEMENTS OF CASH FLOWS
Year Ended October 31, 2007 with Summarized
Financial Information for the Year Ended October 31, 2006

	2007	2006 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (133,820)	\$ 56,870
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	49,571	51,767
Reinvestment of interest and dividends	-	(65)
Loss on disposal of fixed assets	533	-
Change in assets and liabilities:		
(Increase) decrease in:		
Receivables	9,626	(120,207)
Prepaid expenses	147	74
Increase (decrease) in:		
Accounts payable	4,695	40,936
Accrued payroll and related expenses	6,800	13
	(62,448)	29,388
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(12,905)	(33,858)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in lines of credit	(18,729)	40,057
INCREASE (DECREASE) IN CASH	(94,082)	35,587
CASH - beginning of year	116,579	80,992
CASH - end of year	\$ 22,497	\$ 116,579

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

EAST WAYNE STREET CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

October 31, 2007

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES

Organization

East Wayne Street Center, Inc. is a nonprofit voluntary health and welfare organization which provides various services to low and moderate income families in the Fort Wayne, Indiana area. Services provided include:

Head Start Program: Started in 1965 (the first in Allen County), this program is currently serving 110, three-to-five year old low-income children. In June of 1980, the program became the first in Indiana to be accredited by the National Academy of Early Childhood Programs.

Project Solve Program: Since its inception in 1986, more than 4,000 students have enrolled in this award-winning GED preparation / adult basic education program. One of the most successful of its kind, it has empowered many of its participants to make meaningful and long lasting differences in not only their own lives, but those of their children. The program targets high school dropouts and adults who need to improve their reading, writing and math skills in order to obtain employment. Transportation and childcare is available for all participants.

Community Home Repair Program: Started in 1983, this program is designed to help low-income homeowners with minor and major home repairs. The program has provided more than 4,500 homes with improvement repairs. Over 1,600 low-income homeowners have utilized this program.

Family Literacy Program: Started in 1994, this program is designed to encourage and foster families to learn together. It teaches life skills, job skills, parenting-skills and GED preparation. Transportation and childcare is available to all participants.

Family Mentor Program: Started in 1998, this program is a comprehensive In-Home Case Management Program. This program provides home based case management to families who are in need of outside intervention due to child abuse and neglect. The program is designed to assist families in the improvement of overall living conditions.

(continued)

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES** (continued)

Summer Literacy/Ready for School Program: Started in the summer of 1995, this program is designed to bring about a greater degree of social competence in children of low-income families. The program offers a home and center-based preschool experience that encourages social/emotional, cognitive/intellectual, motor and mental health skills to help better prepare the preschool children for their kindergarten school year and overall elementary school experience.

Emergency Program: Started in 1990, this service provides financial assistance to low-income individuals for utilities or rental needs.

Alcohol, Tobacco and Drug Program: Initiated in 1998, the program is designed to target children between the ages of nine and thirteen in order to educate them on the dangers of using alcohol, tobacco and drugs. This drug prevention program also incorporates activities in the area of self-esteem building, self-awareness, and community responsibility.

Food Bank: Since 1983, the Food Bank provides food for low-income individuals who are in need. The Food Bank is open twice a week for two hours a day.

Sports Academic Consortium: The primary purpose of this program is to stabilize and support at-risk young people in the Allen County community. There is a strong commitment to emphasizing academic success, self-esteem development and positive decision making. The program is geared toward utilizing the athletic work ethic all of the participants by helping them focus that same kind of positive energy into academics and personal enrichment. This project runs from January to August.

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation. East Wayne Street Center, Inc. has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Estimates

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

(continued)

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES** (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Investments

Investments are carried at fair value. Substantially all of the investments have readily determinable values. Fair value is based on statements received from reputable investment firms.

Receivables

The Organization recognizes pledges as public support in the year the pledge is made. Pledges and claims receivable are due from government and other significant funding sources. Based upon historical collection experience with these agencies, no allowance for doubtful accounts is deemed necessary.

Fixed Assets

Fixed assets are stated at cost, or if donated, at fair value at the date of gift. All items with a cost in excess of \$1,000 and a useful life in excess of one year are capitalized. The Organization follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets. It is not the Organization's policy to imply time restrictions expiring over the useful life of donated assets. In the absence of donor-imposed restrictions on the use of the asset, gifts of long lived assets are reported as unrestricted support.

Contributions

Gifts of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit their use. In the case of temporarily restricted support, when the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and no assets are reclassified in the statement of activities.

Contributed services are reported in the financial statements for voluntary donations of services. Head Start uses amounts provided by their funding source to value contributed services.

(continued)

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES** (continued)

Other Matters

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended October 31, 2006, from which the summarized information was derived.

2. **SHORT TERM INVESTMENTS**

Short term investments in the amount of \$2,114 consist of certificates of deposit.

3. **PLEDGES RECEIVABLE**

Pledges receivable are due from local foundations in less than one year.

4. **FIXED ASSETS**

The components of fixed assets are as follows:

Land and improvements	\$ 121,719
Building and improvements	1,162,961
Vehicles	77,197
Equipment	<u>230,136</u>
	1,592,013
Accumulated depreciation	<u>787,037</u>
	<u>\$ 804,976</u>

5. **LINES OF CREDIT**

The Organization has available at October 31, 2007 a \$50,000 line of credit with JP Morgan Chase Bank NA. Interest, which is computed monthly on the unpaid balance, is at prime plus 1.65% (9.9% at October 31, 2007). The note is secured by all business assets of the Organization. The balance drawn on the line of credit at October 31, 2007 is \$40,000.

(continued)

5. LINES OF CREDIT (continued)

The Organization also has available at October 31, 2007 a \$25,000 line of credit with JP Morgan Chase Bank NA. Interest, which is computed monthly on the unpaid balance, is at 8%. The note is secured by all business assets of the Organization. No amounts were drawn on the line of credit during the year ended October 31, 2007.

Interest paid on the lines of credit during 2007 was \$3,602.

6. NET ASSETS

Temporarily restricted net assets are to be used for the following purposes:

Community Home Repair program	\$ 38,858
Sports academic consortium	30,000
Parents as Teachers	5,000
Van purchase	4,000
Future periods	75,000
Head Start program	<u>566</u>
	<u>\$ 153,424</u>

7. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES

Cash used in operating activities includes interest paid of \$3,602.

8. IN-KIND CONTRIBUTIONS

The Organization recognizes contributions of revenue for certain services received at the fair value of those services. Those services include the following item:

Head Start program:	
Volunteer services	\$ 8,016

9. RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan for all full-time employees with at least 1,000 hours of service per year and who are at least 21 years old. The plan allows for participant elective deferrals and a discretionary match by the Organization. Contributions to the plan charged to operations were \$3,404 for the year.

10. CONCENTRATIONS

The Organization receives a significant amount of its funding from the federal government. A substantial reduction in the level of this support, if it were to occur, may have an effect on the Organization's programs and activities.

11. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

During 2007, the Organization changed its method of reporting from the regulatory basis to accounting principles generally accepted in the United States of America. This change was necessary because the financial statements are being used by parties other than a regulatory agency. Under the regulatory basis of accounting, equipment purchased through Head Start grant awards was charged to expense in the period during which it was approved by funding sources and purchased. Accounting principles generally accepted in the United States of America require equipment to be recognized as capital assets and depreciated over its estimated useful life. The financial statements for 2006 have been retroactively restated for this change. The effect of the changes for 2007 and 2006 are listed below.

Increase (decrease)	2007	2006
Office expense	\$ (2,586)	\$ (663)
Building improvements	\$ -	\$ (32,395)
Depreciation expense	\$ 11,853	\$ 9,356
Change in net assets	\$ 9,267	\$ (23,702)

Net assets have been increased accordingly in the amount of \$34,113 as of the beginning of 2006 for the effect of the retroactive application of the new method.

EAST WAYNE STREET CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended October 31, 2007

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Revenue Recognized	Expenditures
U.S. Department of Health and Human Services				
Passed through Community Action of Northeast Indiana, Inc.:				
Head Start Full Year Part Day	93.600	05CH4038	\$ 588,305	\$ 588,305
Head Start Training and Technical Assistance	93.600	05CH4038	7,830	7,830
U.S. Department of Agriculture: Passed through Indiana Department of Education:				
Child and Adult Care Food Program	10.558	102-0100	<u>39,672</u>	<u>39,672</u>
Total Federal Assistance			<u>\$ 635,807</u>	<u>\$ 635,807</u>

The accompanying notes are an integral part of this schedule.

EAST WAYNE STREET CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
October 31, 2007

1. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of East Wayne Street Center, Inc. and is presented on the regulatory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. MATCHING CONTRIBUTIONS

In accordance with terms of the grant, the Organization has expended matching contributions in the amount of \$158,362 for the Head Start program.



Dulin, Ward & DeWald, Inc.
CPAs & ADVISORS

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

Board of Directors
East Wayne Street Center, Inc.
Fort Wayne, Indiana

We have audited the financial statements of East Wayne Street Center, Inc. as of and for the year ended October 31, 2007, and have issued a report thereon dated February 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered East Wayne Street Center, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of East Wayne Street Center, Inc. in a separate letter dated February 28, 2008.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dalin, Ward & DeWald, Inc.

Fort Wayne, Indiana
February 28, 2008



Dulin, Ward & DeWald, Inc.
CPAs & ADVISORS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
East Wayne Street Center, Inc.
Fort Wayne, Indiana

Compliance

We have audited the compliance of East Wayne Street Center, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended October 31, 2007. East Wayne Street Center, 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 East Wayne Street Center, Inc.'s management. Our responsibility is to express an opinion on East Wayne Street Center, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about East Wayne Street Center, 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 East Wayne Street Center, Inc.'s compliance with those requirements.

In our opinion, East Wayne Street Center, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended October 31, 2007.

Internal Control Over Compliance

The management of East Wayne Street Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered East Wayne Street Center, Inc.'s internal control over compliance with the 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, 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 East Wayne Street Center, Inc.'s internal control over compliance.

A control deficiency in an entity's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the 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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dulin, Ward & DeWald, Inc.

Fort Wayne, Indiana
February 28, 2008

EAST WAYNE STREET CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
October 31, 2007

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? ___ Yes X No

Significant deficiency(ies) identified that
are not considered to be material
weakness(es)? ___ Yes X None
Reported

Noncompliance material to financial statements
noted? ___ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ Yes X No

Significant deficiency(ies) identified that
are not considered to be material
weakness(es)? ___ Yes X None
Reported

Type of report issued on compliance for major programs: Unqualified

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

(continued)

EAST WAYNE STREET CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

October 31, 2007

(continued)

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.600	Head Start

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

Audited qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

EAST WAYNE STREET CENTER, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended October 31, 2007

There were no prior audit findings.