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May 27, 2009

Board of Directors
Action, Inc. of Delaware & Grant Counties
P.O. Box 268
Muncie, IN 47308

We have reviewed the audit report prepared by Krueger & Associates, CPA's, LLC, Independent Public Accountants, for the period January 1, 2007 to December 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 Action, Inc. of Delaware & Grant Counties, as of December 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.

We call your attention to the finding in the report. The management letter contains one comment.

STATE BOARD OF ACCOUNTS

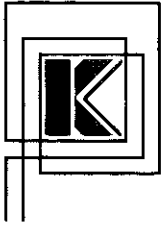
**ACTION, INC. OF DELAWARE
& GRANT COUNTIES
Muncie, Indiana**

**FINANCIAL STATEMENTS
For the Years Ended
December 31, 2007 and 2006**

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Muncie, Indiana

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Krueger & Associates, CPA's, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ACTION, Inc. of Delaware & Grant Counties
Muncie, Indiana

We have audited the accompanying statements of financial position of ACTION, Inc. of Delaware & Grant Counties (a nonprofit organization) as of December 31, 2007 and 2006 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACTION, Inc. of Delaware & Grant Counties as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2008 on our consideration of ACTION, Inc. of Delaware & Grant Counties'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 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 performed for the purpose of forming an opinion on the basic financial statements of ACTION, Inc. of Delaware & Grant Counties taken as a whole. The accompanying schedule of program activity, page 13, and the schedule of expenditures of federal, state awards and list of programs, page 15, 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 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.

This report is intended solely for the information and use of the Board of Directors, Management, and for filing with the Indiana Family and Social Services Administration, Department of Health and Human Services, Indiana State Department of Health, Indiana Department of Education and Indiana State Board of Accounts, and should not be used for any other purpose.

Kreuger & Associates, CPA's, LLC

Certified Public Accountants

Jasper, IN
September 24 , 2008

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Muncie, Indiana

EXHIBIT A

STATEMENTS OF FINANCIAL POSITION
December 31,

ASSETS

	2007	2006
Current Assets		
Cash in bank	\$0	\$394,008
Grants receivable	504,670	501,557
Prepaid expenses	99,656	608
Total current assets	604,326	896,173
Property and equipment, net	70,495	51,632
Total assets	\$674,821	\$947,805

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$492,531	\$794,043
Bank overdraft	25,254	0
Accruals:		
Payroll & related	198,405	203,017
Total current liabilities	716,190	997,060
Total liabilities	716,190	997,060
Net Assets		
Unrestricted	(41,369)	(49,255)
Total Net Assets	(41,369)	(49,255)
TOTAL LIABILITIES AND NET ASSETS	\$674,821	\$947,805

The accompanying notes are an integral part of the financial statements

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Muncie, Indiana

EXHIBIT B

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Current year awards	\$0	\$6,311,985	\$6,311,985
Other income	18,548	0	18,548
Interest income	1,293	0	1,293
In kind contributions	289,462	0	289,462
Net assets released from restriction through satisfaction of program restrictions	6,311,985	(6,311,985)	0
Total Revenue	6,621,288	0	6,621,288
Expenses:			
Personnel	2,541,405	0	2,541,405
Supplies	266,139	0	266,139
Copying & printing	10,419	0	10,419
Rent & utilities	154,853	0	154,853
Professional & legal fees	124,255	0	124,255
Program expense	2,937,410	0	2,937,410
Insurance	49,101	0	49,101
Telephone & postage	52,877	0	52,877
Repairs & maintenance	20,328	0	20,328
Travel/training	43,565	0	43,565
In-kind support	289,462	0	289,462
Miscellaneous	123,588	0	123,588
Total Expenses	6,613,402	0	6,613,402
Increase (Decrease) in Net Assets	7,886	0	7,886
Net assets - Beginning of year	(49,255)	0	(49,255)
Net assets - End of year	(\$41,369)	\$0	(\$41,369)

The accompanying notes are an integral part of the financial statements

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Muncie, Indiana

EXHIBIT B

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Current year awards	\$0	\$6,172,920	\$6,172,920
Other income	9,825	0	9,825
Interest income	1,112	0	1,112
In kind contributions	569,010	0	569,010
Net assets released from restriction through satisfaction of program restrictions	6,172,920	(6,172,920)	0
Total Revenue	6,752,867	0	6,752,867
Expenses:			
Personnel	2,327,901	0	2,327,901
Supplies	143,445	0	143,445
Copying & printing	13,899	0	13,899
Rent & utilities	156,770	0	156,770
Professional & legal fees	60,236	0	60,236
Program expense	3,274,039	0	3,274,039
Insurance	55,090	0	55,090
Telephone & postage	48,018	0	48,018
Repairs & maintenance	21,801	0	21,801
Travel/training	41,301	0	41,301
In-kind support	569,010	0	569,010
Miscellaneous	48,944	0	48,944
Total Expenses	6,760,454	0	6,760,454
Increase (Decrease) in Net Assets	(7,587)	0	(7,587)
Net assets - Beginning of year	(41,668)	0	(41,668)
Net assets - End of year	(\$49,255)	\$0	(\$49,255)

The accompanying notes are an integral part of the financial statements

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Muncie, Indiana

EXHIBIT C

STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2007	2006
<u>CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Net increase (decrease) in net assets	\$7,886	(\$7,587)
Depreciation	26,213	13,263
(Increase) decrease in:		
Grants receivable	(3,113)	206,385
Prepaid expense	(99,048)	475
Increase (decrease) in:		
Accounts payable	(301,512)	213,050
Accruals	(4,612)	16,677
Due to other funds/ fund sources	0	(6,127)
Net cash provided from(used for) operating activities:	(374,186)	436,136
<u>CASH PROVIDED FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	(45,076)	(34,975)
Net increase (decrease) in Cash	(419,262)	401,161
Cash - Beginning of Year	394,008	(7,153)
Cash - End of Year	(\$25,254)	\$394,008
Cash paid for interest	\$0	\$0
Cash paid for income taxes	\$0	\$0

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

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

ACTION, Inc. of Delaware & Grant Counties, a Community Action Agency, was established as a not-for-profit corporation to service the residents of East Central Indiana. Presently the agency serves the counties of Delaware and Grant. The Agency is governed by a volunteer board of directors composed of representatives of the low-income, representatives of organizations, and County Commissioners or their representatives of each county. Advisory and policy councils serve to guide the various programs administered by the agency. The primary goal of ACTION, Inc. of Delaware & Grant Counties is to enable economically and socially disadvantaged people achieve self-sufficiency and become less dependent on public assistance. Programs and services offered by ACTION, Inc. of Delaware & Grant Counties provide opportunities for almost all age groups, particularly those who are low-income and meet program guidelines.

The services of the corporation are extended to the economically disadvantaged in the counties of Delaware and Grant through offices located in the various counties. The headquarters of the corporation is located in Muncie, Indiana.

Basis of Presentation

The basic financial statements are prepared using the accrual basis of accounting.

The organization reports information regarding its financial position and activities according to three classes of net assets, unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The classification of temporarily restricted net assets includes grant awards as the grant funds are restricted to specific programs/expenses as defined in the awards. Also included in temporarily restricted net assets is program income that is generated as part of the grant activity. When expenses are incurred against grant funds and related program income, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenue, expenses, and changes in net assets as net assets released from restriction.

Cash and Cash Equivalents

The Organization defines its cash and cash equivalents to include cash on hand, demand deposits and investments with original maturities of three months or less, with essentially no market risk.

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Concentration of Credit Risk

The Organization's cash is deposited with one financial institution. Cash accounts at banks are insured by the FDIC for up to \$100,000. Amounts in excess of insured limits were approximately \$ 0 and \$420,953 at December 31, 2007 and 2006, respectively.

Inventory

Minor materials and supplies are charged to expense during the period of purchase. As a result, no inventory is recognized for these items in the financial statements.

Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful life of the asset. ACTION, Inc. of Delaware & Grant Counties considers items with a cost greater than \$5,000 and a useful life greater than one year to be property and equipment.

Property and equipment purchased with grant funds is owned by the Organization while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. It's disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations.

Use of Estimates

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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - INCOME TAXES:

ACTION, Inc. of Delaware & Grant Counties is a private, non-profit corporation, incorporated under the Indiana General Not-for-Profit Corporation Act and is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code. It is also exempt from Indiana franchise or income tax.

NOTE C - QUESTIONED COSTS:

There were no questioned costs for the years ended December 31, 2007 and 2006.

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Notes to Financial Statements

NOTE D - GRANTS RECEIVABLE & ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES:

The grants receivable represent amounts the agency has filed claims for the year end and were awaiting payment. A substantial majority of receivables are due from government sources. The amount deemed uncollectible is nil. Therefore, no allowance is considered necessary.

NOTE E - REVENUES:

In Kind Contributions

ACTION, Inc. of Delaware & Grant Counties has recorded in kind contributions for professional services on the statement of activities in accordance with Financial Accounting Standards No. 116 (FAS 116), *Accounting for Contributions Received and Contributions Made*. FAS 116 requires that only contributions of services received that create or enhance a nonfinancial 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 FAS 116 are different than the in kind requirements of ACTION, Inc. of Delaware & Grant Counties grant awards. ACTION, Inc. of Delaware & Grant Counties received contributions of nonprofessional volunteers during the years ended December 31, 2007 and 2006 with a value of \$254,179 and \$216,030, respectively, primarily for its Head Start program which are not recorded on the statement of activities.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to ACTION, Inc. of Delaware & Grant Counties that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support.

Contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as released from 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.

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

Grants are recorded as contributions based on criteria contained in the grant award.

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred.

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Notes to Financial Statements

NOTE E - REVENUES:(continued)

Interest Income

Interest income is recognized in the accounting period when it is earned. ACTION, Inc. of Delaware & Grant Counties maintains funds received from various sources in interest bearing checking accounts. The portion of interest earned on advances of direct funds is remitted to the federal funding sources in accordance with OMB Circular A-110, Attachment D, Uniform Administrative Requirements of Grants and Agreement with Nonprofit Organizations. The interest earned on other funds is included in unrestricted funds and is used to support ACTION, Inc. of Delaware & Grant Counties programs. This is in accordance with the Intergovernmental Cooperation Act (31 U.S.C. 6501 etc seq) and applicable State of Indiana regulations.

NOTE F - COST ALLOCATION:

Joint costs are allocated to benefitting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, but which cannot be readily identified with a final cost objective. Cost allocation methods are as follows:

Personnel

Agency administrative and financial personnel (executive director, deputy director, fiscal director, financial assistants, etc.) record the time they spend working on specific programs and general agency matters on their time sheets. The time specifically identifiable to a particular program is charged to that program. The time spent on general agency matters is charged to programs using a percentage based on the direct labor charges to programs.

Supplies

All supplies are inventoried and signed out to specific programs when needed. The supplies are expensed to specific programs monthly on a first-in, first-out basis.

Building

Space costs (maintenance costs, supplies, depreciation, etc.) are allocated based on the number of square feet of space each program occupies. Space occupied by administrative staff is allocated based upon the allocation of the administrative staff's time.

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Notes to Financial Statements

NOTE F - COST ALLOCATION: (continued)

Copy Costs

A record is maintained of copies made for each program. Copy costs are charged to programs based on the number of copies in the month.

Insurance

Insurance is allocated to benefitting programs depending on the equipment, space or people covered by the insurance.

Other Joint Costs

Other joint costs (telephone, computer usage, etc.) are allocated to agency programs based on the amounts used by each program.

NOTE G - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following at December 31,:

	<u>2007</u>	<u>2006</u>
Transportation equipment	\$324,531	\$295,455
Accumulated depreciation	<u>(254,036)</u>	<u>(243,823)</u>
Total	<u>\$ 70,495</u>	<u>\$ 51,632</u>

NOTE H - CONTINGENCIES:

The Organization has received federal financial awards in the form of grants that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursements by the grantor agency for expenditures disallowed under terms and conditions specified in the grant agreements.

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Notes to Financial Statements

NOTE I - PREPAID EXPENSE

In 2007 and 2006, \$99,656 and \$ 0, respectively, was paid in advance of receiving reimbursement funds. This amount is shown as prepaid expense as of December 31, 2007 and 2006.

NOTE J - LEASES:

ACTION, Inc. of Delaware & Grant Counties have entered into several operating leases for office space and equipment. The payments under these leases are recorded as an expense rather than recording the amount as an asset and liability and reducing the asset and liability through depreciation and monthly payments. The aforementioned statements reflect the cost of monthly payments as an expense rather than a provision for depreciation.

NOTE K - NOTE PAYABLE:

ACTION, Inc. of Delaware & Grant Counties has a line of credit with First Merchants Bank, N.A. The terms of the note include an interest rate of 5.0% per annum on the unpaid outstanding principal balance of each advance. The amount available on the line is \$50,000. At December 31, 2007 and 2006 there were no borrowings on the line of credit. The line of credit was closed in January 2007.

NOTE L - FUNCTIONAL CLASSIFICATION OF EXPENSES:

The following program and supporting services are reflected in the statement of activities for the year ended December 31,:

	<u>2007</u>	<u>2006</u>
Program activity:		
Child care and education	\$2,022,560	\$2,215,305
Weatherization	374,372	441,354
Senior Aides	902,308	558,179
Energy assistance	2,650,275	2,964,468
Other program	<u>607,043</u>	<u>562,716</u>
Total program activities	6,556,558	6,742,022
Support services:		
Management and general	<u>56,844</u>	<u>18,432</u>
Total expenses	<u>\$6,613,402</u>	<u>\$6,760,454</u>

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Muncie, Indiana

SUPPLEMENTARY INFORMATION

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Muncie, Indiana

SCHEDULE OF PROGRAM ACTIVITY
For the Year Ended December 31, 2007

	C.S.B.G.	Energy Assistance	D.O.E. WX	LIHEAP Weatherization	Program Services										GAAP Adjustments	2007 Total	2006 Total
					SWEEP Weatherization	Head Start	Senior Aides	CCDF	Other Programs	Management and General	Subtotal						
Revenue:																	
Current year awards	\$323,989	\$2,650,275	\$182,642	\$176,815	\$14,915	\$1,780,022	\$668,118	\$97,862	\$417,347	\$0	\$6,311,985	\$0	\$6,311,985	\$6,172,920			
Other income	0	0	0	0	0	0	0	0	131	18,417	18,548	0	18,548	9,825			
Interest income	0	0	0	0	0	0	0	0	0	1,293	1,293	0	1,293	1,112			
In kind donations	0	0	0	0	0	309,451	234,190	0	0	0	543,641	(254,179)	289,462	569,010			
Total Revenue	323,989	2,650,275	182,642	176,815	14,915	2,089,473	902,308	97,862	417,478	19,710	6,875,467	(254,179)	6,621,288	6,752,867			
Expenses:																	
Personnel	210,390	244,436	122,766	64,557	3,217	1,163,423	568,180	87,268	80,619	(3,451)	2,541,405	0	2,541,405	2,327,901			
Supplies	17,777	18,668	7,843	12,619	36	198,608	8,275	2,023	290	0	266,139	0	266,139	143,445			
Copying & printing	975	265	4	4	0	9,124	6	0	41	0	10,419	0	10,419	13,899			
Rent & utilities	15,203	45,794	4,561	2,960	474	46,206	730	7,810	4,912	26,213	154,853	0	154,853	156,770			
Professional & legal fees	31,104	4,012	2,025	1,233	0	67,991	5,707	925	2,874	8,384	124,255	0	124,255	60,236			
Program expense	234	2,320,817	25,640	88,027	11,087	172,017	0	0	319,568	0	2,937,410	0	2,937,410	3,274,039			
Insurance	6,273	3,482	9,463	2,443	0	27,018	423	0	(1)	0	49,101	0	49,101	55,090			
Telephone & postage	9,175	9,699	1,684	1,732	101	19,143	2,861	2,609	5,873	0	52,877	0	52,877	48,018			
Repairs & maintenance	95	0	1,615	176	0	61,421	145	101	0	1,851	65,404	(45,076)	20,328	21,801			
Travel/training	13,538	2,438	6,978	2,612	0	12,260	2,656	2,155	928	0	43,565	0	43,565	41,301			
In-kind support	0	0	0	0	0	309,451	234,190	0	0	0	543,641	(254,179)	289,462	569,010			
Miscellaneous	19,225	674	63	452	0	2,811	79,135	(5,029)	2,410	23,847	123,588	0	123,588	48,944			
Total expenses	323,989	2,650,275	182,642	176,815	14,915	2,089,473	902,308	97,862	417,534	56,844	6,912,657	(298,255)	6,613,402	6,760,454			
Change in net assets																	
Net assets - Beginning of year	0	0	0	0	0	0	0	0	(56)	(37,134)	(37,190)	45,076	7,886	(7,587)			
Net assets - End of year	0	0	0	0	0	0	0	0	917	(50,172)	(49,255)	0	(49,255)	(41,668)			
Net Assets - End of year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$861	(\$87,306)	(\$86,445)	\$45,076	(\$41,369)	(\$49,255)			

The accompanying notes are an integral part of the financial statements

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Muncie, Indiana
Schedule of Findings and Questioned Costs
YEAR ENDED DECEMBER 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
 Reportable condition(s) identified
 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
 Reportable condition(s) identified
 not considered to be material weakness(es)? _____ yes X none reported

Type of auditor's report issued on compliance
 for major programs: unqualified

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? _____ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.600	Head Start
93.569	Community Services Block Grant

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

Auditee qualified as low-risk auditee? X yes _____ no

SECTION II--FINANCIAL STATEMENT FINDINGS

No matters reported

SECTION III--FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported

ACTION, INC. OF DELAWARE & GRANT COUNTIES
Muncie, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

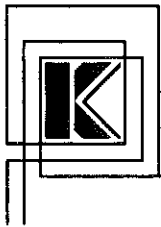
For the Year Ended December 31, 2007

<u>CFDA NUMBER</u>	<u>PROGRAM NAME</u>	<u>GRANTOR/ AGENCY</u>	<u>GRANT REVENUE</u>	<u>EXPENDITURES</u>
93.600	Head Start	U.S. Department of Health & Human Services	\$1,780,022	\$1,780,022
93.569	Community Services Block Grant	IHCDA	323,989	323,989
	Total Major Program Federal Assistance		<u>2,104,011</u>	<u>2,104,011</u>
92.568	LIHEAP	IHCDA	176,815	176,815
92.568	EAP	IHCDA	2,650,275	2,650,275
92.568	SWEEP	IHCDA	14,915	14,915
	Total for CFDA # 92.568		<u>2,842,005</u>	<u>2,842,005</u>
17.235	SSAI	Department of Labor	668,118	668,118
81.042	DOE Weatherization	Department of Energy	182,642	182,642
93.596	CCDF	INCAA	97,862	97,862
10.558	USDA School Lunch	USDA	134,480	134,480
14.218	Shop Cart	City of Muncie	21,216	21,216
14.218	Handyman	City of Muncie	29,336	29,336
14.218	Furnace	City of Muncie	48,002	48,002
	Total CFDA # 14.218		<u>98,554</u>	<u>98,554</u>
93.602	IDA -Dept of Commerce	IHCDA	10,869	10,869
14.239	IND-Housing OOR	HUD	130,909	130,909
	Total Non-major Program Federal Assistance		<u>4,165,439</u>	<u>4,165,439</u>
	Total Federal Assistance		<u>\$6,269,450</u>	<u>\$6,269,450</u>

See accountants' report on schedule of expenditures of federal awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of ACTION, Inc. of Delaware & Grant Counties and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.



Krueger & Associates, CPA's, LLC

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

To the Board of Directors of
ACTION, Inc. of Delaware & Grant Counties

We have audited the financial statements of ACTION, Inc. of Delaware & Grant Counties as of and for the year ended December 31, 2007 and have issued our report thereon dated September 24, 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 ACTION, Inc. of Delaware & Grant Counties'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

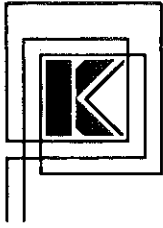
As part of obtaining reasonable assurance about whether ACTION, Inc. of Delaware & Grant Counties's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

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

Rouge & Associates, CPA's, LLC

Certified Public Accountants

Jasper, IN
September 24, 2008



Krueger & Associates, CPA's, LLC

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

To the Board of Directors of
ACTION, Inc. of Delaware & Grant Counties

Compliance

We have audited the compliance of ACTION, Inc. of Delaware & Grant Counties (a nonprofit organization) 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 December 31, 2007. ACTION, Inc. of Delaware & Grant Counties'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 ACTION, Inc. of Delaware & Grant Counties's management. Our responsibility is to express an opinion on ACTION, Inc. of Delaware & Grant Counties'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 ACTION, Inc. of Delaware & Grant Counties's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of ACTION, Inc. of Delaware & Grant Counties's compliance with those requirements.

In our opinion, ACTION, Inc. of Delaware & Grant Counties 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 December 31, 2007.

Internal Control Over Compliance

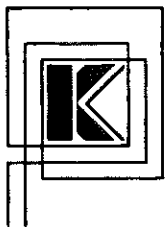
The management of ACTION, Inc. of Delaware & Grant Counties is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered ACTION, Inc. of Delaware & Grant Counties'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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Kreuzer & Associates, CPA's, LLC
Certified Public Accountants

Jasper, IN
September 24, 2008



Krueger & Associates, CPA's, LLC

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MANAGEMENT LETTER

September 24, 2008

To the Senior Management and
The Board of Directors of
ACTION, Inc., of Delaware & Grant Counties

In planning and performing our audit of the financial statements of ACTION, Inc. of Delaware & Grant Counties for the year ended December 31, 2007, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal control.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

We wish to thank the Executive Director, the fiscal officer and their departments for their support and assistance during our audit.

This report is intended solely for the information and the use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Krueger & Associates, CPA's, LLC
Certified Public Accountants

Jasper, IN