



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B34446

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June 3, 2009

Board of Directors
Dubois-Pike-Warrick Economic
Opportunity Committee, Inc.
607 Third Ave., P.O. Box 729
Jasper, IN 47547

We have reviewed the audit report prepared by Comer, Nowling and Associates, PC, 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 Dubois-Pike-Warrick Economic Opportunity Committee, Inc., 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 findings in the report. Pages 27 and 28 contain two current audit findings.

STATE BOARD OF ACCOUNTS

**Dubois-Pike-Warrick
Economic Opportunity
Committee, Inc.**

**Financial Statements
For The Years Ended
December 31, 2007 and 2006
(With Single Audit Section)**



**COMER
NOWLING AND
ASSOCIATES, P.C.**

Certified Public Accountants

Dubois-Pike-Warrick Economic Opportunity Committee, Inc.

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BUSINESS PLANNING
FINANCIAL STATEMENTS
BUSINESS VALUATIONS
TAX PLANNING
TAX PREPARATION

Independent Auditor's Report

Board of Directors
Dubois-Pike-Warrick Economic Opportunity Committee, Inc.
Jasper, Indiana

We have audited the accompanying consolidated statements of financial position of Dubois-Pike-Warrick Economic Opportunity Committee, Inc. (d/b/a TRI-CAP) as of December 31, 2007 and 2006 and the related consolidated statements of activities, functional expenses, 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 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 Dubois-Pike-Warrick Economic Opportunity Committee, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2008 on our consideration of Dubois-Pike-Warrick Economic Opportunity Committee, 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 or on 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 Dubois-Pike-Warrick Economic Opportunity Committee, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes 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 audits of the basic financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

March 7, 2008

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

	ASSETS		
	2007		
	Unrestricted	Temporarily Restricted	Total
CURRENT ASSETS:			
Cash and cash equivalents	\$ 150	\$ 65,036	\$ 65,186
Certificates of deposit	50,003	-	50,003
Grants receivable	376,750	-	376,750
Prepaid expenses	7,131	-	7,131
Total current assets	434,034	65,036	499,070
PROPERTY AND EQUIPMENT:			
Property and equipment, net of accumulated depreciation and amortization	967,518	-	967,518
Total assets	\$ 1,401,552	\$ 65,036	\$ 1,466,588
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	\$ 183,116	\$ -	\$ 183,116
Checks outstanding in excess of deposits	159,185	-	159,185
Accrued payroll and payroll expenses	108,364	-	108,364
Line of credit	136,576	-	136,576
Current portion of mortgage payable	23,273	-	23,273
Total current liabilities	610,514	-	610,514
LONG-TERM LIABILITIES:			
Mortgage payable	261,008	-	261,008
Total liabilities	871,522	-	871,522
NET ASSETS	530,030	65,036	595,066
Total liabilities and net assets	\$ 1,401,552	\$ 65,036	\$ 1,466,588

See accompanying notes to financial statements.

2006

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 150	\$ -	\$ 150
50,003	-	50,003
362,202	-	362,202
6,764	-	6,764
<u>419,119</u>	<u>-</u>	<u>419,119</u>
 1,046,319	 -	 1,046,319
<u>\$ 1,465,438</u>	<u>\$ -</u>	<u>\$ 1,465,438</u>
\$ 173,426	\$ -	\$ 173,426
32,019	-	32,019
141,320	-	141,320
242,847	-	242,847
21,277	-	21,277
<u>610,889</u>	<u>-</u>	<u>610,889</u>
 284,584	 -	 284,584
<u>895,473</u>	<u>-</u>	<u>895,473</u>
 569,965	 -	 569,965
<u>\$ 1,465,438</u>	<u>\$ -</u>	<u>\$ 1,465,438</u>

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007		
	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Government grants	\$ 4,098,828	\$ 37,959	\$ 4,136,787
Fees and program income	91,630	-	91,630
Medicaid income	8,613	-	8,613
Contributions	230,725	27,077	257,802
Interest income	2,421	-	2,421
Other income	121,881	-	121,881
Total revenue and other support	<u>4,554,098</u>	<u>65,036</u>	<u>4,619,134</u>
Operating Expenses:			
Early childhood education	1,414,502	-	1,414,502
Parenting education and intervention	495,095	-	495,095
Family support	25,661	-	25,661
Family planning	423,730	-	423,730
Adolescent services	118,089	-	118,089
Breast and cervical cancer prevention	99,998	-	99,998
Prenatal substance abuse prevention	89,085	-	89,085
Senior citizens volunteerism	75,817	-	75,817
Utility assistance	780,160	-	780,160
Housing assistance	364,838	-	364,838
Home weatherization assistance	328,615	-	328,615
Home rehabilitation assistance	118,823	-	118,823
Home care services	2,671	-	2,671
Emergency family services	28,652	-	28,652
Management and general	228,297	-	228,297
Total operating expenses	<u>4,594,033</u>	<u>-</u>	<u>4,594,033</u>
Increase (decrease) in net assets	(39,935)	65,036	25,101
NET ASSETS AT BEGINNING OF YEAR	<u>569,965</u>	<u>-</u>	<u>569,965</u>
NET ASSETS AT END OF YEAR	<u>\$ 530,030</u>	<u>\$ 65,036</u>	<u>\$ 595,066</u>

See accompanying notes to financial statements.

2006

Unrestricted	Temporarily Restricted	Total
\$ 3,822,280	\$ -	\$ 3,822,280
449,688	-	449,688
3,844	-	3,844
255,381	-	255,381
2,363	-	2,363
160,208	-	160,208
<u>4,693,764</u>	<u>-</u>	<u>4,693,764</u>
1,458,460	-	1,458,460
497,714	-	497,714
78,916	-	78,916
508,309	-	508,309
145,071	-	145,071
147,028	-	147,028
78,500	-	78,500
96,231	-	96,231
562,678	-	562,678
190,762	-	190,762
264,627	-	264,627
13,421	-	13,421
468,660	-	468,660
15,720	-	15,720
294,766	-	294,766
<u>4,820,863</u>	<u>-</u>	<u>4,820,863</u>
(127,099)	-	(127,099)
<u>697,064</u>	<u>-</u>	<u>697,064</u>
<u>\$ 569,965</u>	<u>\$ -</u>	<u>\$ 569,965</u>

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DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007

	Early Childhood <u>Education</u>	Parenting Education & <u>Intervention</u>	Community <u>Initiatives</u>	Family <u>Planning</u>	Adolescent <u>Services</u>	Cervical Cancer <u>Prevention</u>
OPERATING EXPENSES						
Salaries and fringe benefits	\$ 948,272	\$ 410,122	\$ 18,166	\$ 258,503	\$ 98,423	\$ 26,121
Insurance	24,466	1,329	62	11,533	379	197
Travel and transportation	42,112	24,350	763	4,692	1,958	738
Support to programs in excess of funding	-	-	(14,918)	(38,636)	-	(378)
Supplies, postage and printing	26,003	7,738	4,122	9,347	4,211	901
Telephone and communications	26,170	8,446	35	8,804	1,859	262
Training and contracted services	24,882	4,983	2,853	35,479	4,893	761
Fees, dues, interest and miscellaneous	12,194	306	29	8	253	-
Rent, utilities and maintenance	164,804	23,612	171	55,656	5,475	1,423
Client benefits	62,216	-	14,348	78,344	638	69,973
Equipment and depreciation	11,822	-	-	-	-	-
In-kind expenses	76,963	14,209	30	-	-	-
Total program expenses by function prior to GAAP adjustment	1,419,904	495,095	25,661	423,730	118,089	99,998
Capital expenditures	(5,402)	-	-	-	-	-
Total operating expenses after GAAP adjustment	<u>\$ 1,414,502</u>	<u>\$ 495,095</u>	<u>\$ 25,661</u>	<u>\$ 423,730</u>	<u>\$ 118,089</u>	<u>\$ 99,998</u>

See accompanying notes to financial statements.

<u>Breast & Substance Abuse Prevention</u>	<u>Prenatal Senior Citizens Volunteerism</u>	<u>Utility Assistance</u>	<u>Housing Assistance</u>	<u>Home Weatherization Assistance</u>	<u>Home Rehabilitation Assistance</u>	<u>Home Care Services</u>	<u>Emergency Family Services</u>	<u>Management and General</u>	<u>2007 Totals</u>
\$ 70,515	\$ 41,215	\$ 82,920	\$ 24,972	\$ 172,138	\$ 6,903	\$ 2,451	\$ 2,405	\$ 27,078	\$ 2,190,205
3,402	586	524	534	7,779	-	-	-	4,244	55,035
2,990	1,077	1,660	1,840	8,881	84	140	59	10,707	102,050
-	4,409	-	-	(788)	(4,373)	-	-	54,684	-
1,445	1,542	12,153	1,228	7,536	320	63	244	8,583	85,436
1,352	749	1,679	858	2,218	-	18	-	(3,933)	48,517
1,762	1,028	3,569	2,059	25,132	1,030	-	-	15,201	123,633
2	102	3	2	925	-	-	-	43,369	57,193
7,617	7,140	5,954	4,095	10,334	-	-	-	(3,838)	282,442
-	2,141	671,699	329,247	87,961	114,860	-	21,828	1,309	1,454,564
-	-	-	-	13,000	-	-	-	82,713	107,535
-	15,829	-	-	-	-	-	4,116	1,588	112,734
89,085	75,817	780,160	364,838	335,115	118,823	2,671	28,652	241,704	4,619,342
-	-	-	-	(6,500)	-	-	-	(13,407)	(25,309)
<u>\$ 89,085</u>	<u>\$ 75,817</u>	<u>\$ 780,160</u>	<u>\$ 364,838</u>	<u>\$ 328,615</u>	<u>\$ 118,823</u>	<u>\$ 2,671</u>	<u>\$ 28,652</u>	<u>\$ 228,297</u>	<u>\$ 4,594,033</u>

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2006

	Early Childhood <u>Education</u>	Parenting Education & <u>Intervention</u>	Community <u>Initiatives</u>	Family <u>Planning</u>	Adolescent <u>Services</u>	Breast & Cervical Cancer <u>Prevention</u>
OPERATING EXPENSES						
Salaries and fringe benefits	\$ 970,810	\$ 424,006	\$ 65,213	\$ 341,017	\$ 132,330	\$ 79,174
Insurance	23,675	2,504	67	13,289	316	785
Travel and transportation	48,808	24,303	1,877	4,701	2,110	3,043
Support to programs in excess of funding	-	(16,894)	(12,391)	(15,043)	-	(20,227)
Supplies, postage and printing	95,777	9,939	930	65,464	4,553	2,702
Telephone and communications	13,868	7,937	-	6,529	1,426	1,924
Training and contracted services	34,561	9,789	185	44,491	3,714	2,725
Fees, dues, interest and miscellaneous	7,625	282	(239)	7	600	1
Rent, utilities and maintenance	150,931	32,706	7	47,773	22	9,310
Client benefits	-	608	23,267	81	-	67,591
Equipment and depreciation	49,919	-	-	-	-	-
In-kind expenses	111,686	2,534	-	-	-	-
<hr/>						
Total program expenses by function prior to GAAP adjustment	1,507,660	497,714	78,916	508,309	145,071	147,028
Capital expenditures	(49,200)	-	-	-	-	-
<hr/>						
Total operating expenses after GAAP adjustment	<u>\$ 1,458,460</u>	<u>\$ 497,714</u>	<u>\$ 78,916</u>	<u>\$ 508,309</u>	<u>\$ 145,071</u>	<u>\$ 147,028</u>

See accompanying notes to financial statements.

<u>Prenatal Substance Abuse Prevention</u>	<u>Senior Citizens Volunteerism</u>	<u>Utility Assistance</u>	<u>Housing Assistance</u>	<u>Home Weatherization Assistance</u>	<u>Home Rehabilitation Assistance</u>	<u>Home Care Services</u>	<u>Emergency Family Services</u>	<u>Management and General</u>	<u>2006 Totals</u>
\$ 58,363	\$ 53,318	\$ 77,718	\$ 33,464	\$ 157,463	\$ 12,456	\$ 419,561	\$ 3,068	\$ 24,968	\$ 2,852,929
1,577	838	1,739	472	7,829		2,621	21	763	56,496
2,441	1,429	3,556	2,312	7,046	322	30,124	71	3,314	135,457
-	-	(16,349)	(22,192)	-	-	-	(3,974)	107,826	756
2,172	4,388	10,021	1,710	57,225	277	2,771	3,018	6,367	267,314
956	193	2,075	521	1,232		911	-	14,141	51,713
2,759	7,340	3,014	1,469	23,694	366	6,575	508	10,123	151,313
1	102	4	1	323	-	10	-	40,801	49,518
10,231	7,163	7,189	2,594	9,647	-	6,087	-	(13,077)	270,583
-	1,283	473,711	170,411	242	-	-	12,293	(238)	749,249
-	-	-	-	(74)	-	-	-	98,828	148,673
-	20,177	-	-	-	-	-	715	950	136,062
78,500	96,231	562,678	190,762	264,627	13,421	468,660	15,720	294,766	4,870,063
-	-	-	-	-	-	-	-	-	(49,200)
<u>\$ 78,500</u>	<u>\$ 96,231</u>	<u>\$ 562,678</u>	<u>\$ 190,762</u>	<u>\$ 264,627</u>	<u>\$ 13,421</u>	<u>\$ 468,660</u>	<u>\$ 15,720</u>	<u>\$ 294,766</u>	<u>\$ 4,820,863</u>

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DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 25,101	(127,099)
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	104,110	98,828
Increase (decrease) in cash from changes in:		
Grants receivable	(14,548)	149,547
Prepaid expenses	(367)	(1,681)
Accounts payable	9,690	(55,548)
Checks outstanding in excess of deposits	127,166	(50,048)
Accrued payroll and payroll expenses	(32,956)	(12,009)
Net cash provided by operating activities	218,196	1,990
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(25,309)	(49,200)
Net cash used in investing activities	(25,309)	(49,200)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in lines of credit	(106,271)	67,183
Decrease in mortgage payable	(21,580)	(19,972)
Net cash provided by (used in) financing activities	(127,851)	47,211
NET INCREASE IN CASH AND CASH EQUIVALENTS	65,036	1
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	150	149
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 65,186	\$ 150

See accompanying notes to financial statements.

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

NATURE OF OPERATIONS

Dubois-Pike-Warrick Economic Opportunity Committee, Inc. d/b/a TRI-CAP (the "Organization") was incorporated and commenced operations as a not-for-profit organization in 1966, under the laws of the State of Indiana. The Organization is committed to helping families and children improve their quality of life in Dubois, Pike, and Warrick counties in Indiana.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

REVENUE RECOGNITION

The Organization receives grants from the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals. Revenues under the contracts are recognized as the services are provided.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and depreciated over estimated useful lives of three to forty years using the straight-line method. The following is a summary of the lives for each class of asset:

Buildings	31.5 years
Leasehold improvements	15 years
Equipment	3-10 years
Vehicles	5 years

Expenditures for improvements and major renewals are capitalized. When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

CONTRIBUTIONS

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

IN-KIND CONTRIBUTIONS

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue and other support by a like amount. For the years ended December 31, 2007 and 2006, this adjustment amounted to approximately \$122,733 and \$156,758 and is included in other revenue and support on the Statements of Activities.

The Organization has recorded in-kind contributions for professional services on the Consolidated Statement of Activities in accordance with Statement of Financial Accounting Standards No. 116 (SFAS 116), *Accounting for Contributions Received and Contributions Made*. SFAS 116 requires that only contributions of services received that create or enhance a non-financial assets or require specialized skill by the individual possessing those skills and would

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

typically need to be purchased if not provided by donation be recorded. The requirements of SFAS 116 are different from the in-kind requirements of the Organization's grant funding sources.

Of the \$112,733 of in-kind contributions and related expenses recorded in the Organization's Consolidated Statement of Activities for the year ended December 31, 2007, contributed services meeting the requirements of SFAS 116 are \$0. The \$112,733 consisted of food, clothing, other goods, and building space. Of the \$112,733, \$77,057 was donated for Head Start. Additionally during 2007, the Organization received other in-kind contributions totaling \$242,272 related to its Head Start program which includes services and mileage from non-professional volunteers during 2006 which are not recorded in the Consolidated Statement of Activities. The Head Start In-Kind contributions totaled \$319,329. The Organization also received in-kind contributions of volunteer services of \$8,338 for other programs.

Of the \$136,062 of in-kind contributions and related expenses recorded in the Organization's Consolidated Statement of Activities for the year ended December 31, 2006, contributed services meeting the requirements of SFAS 116 are \$0. Of the \$136,062, \$111,686 was donated for Head Start. Additionally during 2006, the Organization received other in-kind contributions totaling \$203,517 related to its Head Start program which includes services and mileage from non-professional volunteers during 2006 which are not recorded in the Consolidated Statement of Activities. The Head Start In-Kind contributions totaled \$315,203. The Organization also received in-kind contributions of volunteer services of \$7,675 for other programs.

GOVERNMENT GRANTS

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected as refundable advances on the Statements of Financial Position.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report 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.

EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 – PROPERTY AND EQUIPMENT

The Organization's property and equipment are as follows at December 31,:

	2007	2006
Buildings	\$ 1,145,098	\$ 1,145,098
Leasehold improvements	109,709	109,709
Equipment	296,106	275,129
Vehicles	298,930	298,930
	1,849,843	1,828,866
Accumulated depreciation	(968,925)	(869,147)
	880,918	959,719
Land	86,600	86,600
	\$ 967,518	\$ 1,046,319

Depreciation expense amounted to \$104,110 and \$98,828 for the years ended December 31, 2007 and 2006, respectively.

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 3 – LINE OF CREDIT

The Organization has a \$400,000 revolving bank line of credit with a maturity date of August 7, 2008. Interest on the line varies with the bank's prime rate. The interest rate on the line was 7.25% on December 31, 2007. The line is collateralized by substantially all of the Organization's assets and is payable at maturity. At December 31, 2007 and 2006, the outstanding line of credit balance was \$136,576 and \$242,847, respectively.

NOTE 4 – LONG-TERM DEBT

Long-term debt consists of the following as of December 31,:

	<u>2007</u>	<u>2006</u>
Note payable – 7.03% payable in monthly payments of \$3,549 including interest, with the balance of the note due March 2017 collateralized by substantially all of the Organization's assets.	\$284,281	\$305,861

The future maturities of long-term debt, based on the refinanced mortgage, are as follows for the years ended December 31,:

2008	\$ 23,273
2009	24,963
2010	26,776
2011	28,720
2012	30,805
Thereafter	<u>149,744</u>
	<u>\$284,281</u>

NOTE 5 – OPERATING LEASES

The Organization leases an operating facility and a Head Start facility under non-cancelable operating lease arrangements. All other facility leases are year-to-year. Rental expense for the year-to-year leases included in the Statements of Activities for the years ended December 31, 2007 and 2006 was approximately \$52,299 and \$64,467.

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 5 – OPERATING LEASES (continued)

Future minimum lease payments for the long-term facility leases are as follows for the years ended December 31,:

2008	\$ 206,996
2009	186,078
2010	186,678
2011	169,278
2012	161,078
Thereafter	<u>644,312</u>
	<u>\$1,554,420</u>

NOTE 6 – EMPLOYEE BENEFITS

The Organization has a 401(k) plan. The Organization provides a 25% match of employee contributions up to a maximum amount of 1% of employee compensation, as defined. Contributions to the plan are made for all employees working twenty hours or more per week and with at least one year of service. Employee benefit expense under this plan was approximately \$8,302 and \$10,059 for 2007 and 2006, respectively.

NOTE 7 – CONCENTRATION OF CREDIT RISKS

Financial awards from federal, state and local governmental entities in the form of grants are subject to financial and compliance audits by funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

The Organization maintains cash balances at a local bank. The accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At times throughout the year, the combined balances of these accounts exceeded \$100,000.

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 8 - STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (SFAS) - NO. 144

SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*," requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. SFAS No. 144 has not materially affected the Organization's net change in unrestricted net assets, statement of financial position or statement of cash flows.

NOTE 9 - RECLASSIFICATIONS

Certain amounts in the 2006 financial statements have been reclassified to conform to the 2007 presentation.

SINGLE AUDIT SECTION

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Child and Adult Care Food Program	10.558	119-0035	\$ 90,507
U.S. Department of Housing and Urban Development			
Passed through the Indiana Housing Community Development Authority			
Section 8 Housing Program	14.871	SH-006-017/HCV/2007	364,838
Home Rehabilitation Assistance	14.239	OR-006/007-011	67,075
U.S. Department of Health and Human Services			
Head Start Program	93.600	05CH4233/42/43	1,243,449
Passed through the Indiana Department of Commerce			
Assets for Independence Account	93.602	IDA006/007-012/011	8,263
Passed through the Indiana Family and Social Services Administration (IFSSA):			
Temporary Assistance for Needy Families	93.558	19-05-60-1685-05/06	480,601
Social Services Block Grant	93.667	19-07-1P/2P-1685-01/02	66,906
Passed through the Indiana Housing Community Development Authority:			
Community Services Block Grant	93.569	CS-007-011	127,063
Weatherization/ Energy Assistance for Low-Income Families	93.568	WI/LI-006/007-011	883,013
Passed through the Indiana State Department of Health			
Prenatal Substance Use Prevention Program	93.959	PSUP 507-1/10	80,442
Maternal and Child Health Services Block Grant	93.994	A70-7-069019	117,308
Passed through the Indiana Family Health Council			
Family Planning--Title X	93.217	IHFC/Tri-Cap	152,529
Maternal and Child Health Services--Title V	93.994	IHFC/Tri-Cap	122,884
U.S. Department of Energy			
Passed through the Indiana Housing Community Development Authority:			
Weatherization Assistance for Low-Income Persons	81.042	WX-006/007-011	146,875
Corporation for National and Community Service			
Senior Citizens Volunteerism	94.002	06SRNIN002	51,474
Federal Emergency Management Agency			
Emergency Food and Shelter Program	83.523	266000-004	2,156
Total Expenditures of Federal Awards			<u>\$ 4,005,383</u>

See accompanying note to Schedule of Expenditures of Federal Awards.

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2007

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Dubois-Pike-Warrick Economic Opportunity Committee, Inc. (d/b/a TRI-CAP) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2007

No findings were noted in the prior year audit report.



BUSINESS PLANNING
FINANCIAL STATEMENTS
BUSINESS VALUATIONS
TAX PLANNING
TAX PREPARATION

**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
Dubois-Pike-Warrick Economic Opportunity Committee, Inc.
Jasper, Indiana

We have audited the financial statements of Dubois-Pike-Warrick Economic Opportunity Committee, Inc. (d/b/a TRI-CAP), a nonprofit organization, as of and for the year ended December 31, 2007, and have issued our report thereon dated March 7, 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 TRI-CAP's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization'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 Organization's internal control.

Our consideration of internal control was for the limited purpose described in the second 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 that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TRI-CAP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, 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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

March 7, 2008



BUSINESS PLANNING
FINANCIAL STATEMENTS
BUSINESS VALUATIONS
TAX PLANNING
TAX PREPARATION

**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
Dubois-Pike-Warrick Economic Opportunity Committee, Inc.
Jasper, Indiana

Compliance

We have audited the compliance of Dubois-Pike-Warrick Economic Opportunity Committee, Inc. (d/b/a TRI-CAP), 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 its major federal programs for the year ended December 31, 2007. TRI-CAP'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 its major federal program is the responsibility of TRI-CAP's management. Our responsibility is to express an opinion on TRI-CAP'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 TRI-CAP'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 TRI-CAP's compliance with those requirements.

In our opinion, TRI-CAP complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items FA-2007-1 and FA-2007-2.

Internal Control Over Compliance

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees within a timely period, in the normal course of performing their assigned functions, to prevent or detect noncompliance with applicable requirements of laws, regulations, contracts and grant agreements that would have a direct and material effect on a major federal program. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects TRI-CAP's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants such that there is more than a remote likelihood that the Organization's noncompliance that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items FA-2007-1 and FA-2007-2 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with applicable requirements of laws, regulations, contracts and grants in relation to a major federal program will not be prevented or detected by the Organization's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

TRI-CAP's response to the findings identified in our audit are described in the accompany schedule of findings and questioned costs. We did not audit TRI-CAP's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, 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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

March 7, 2008

**DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
 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 ___ No x
- Significant deficiencies identified? Yes ___ No x

Noncompliance material to financial statements noted? Yes ___ No x

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes ___ No x
- Significant deficiencies identified? Yes x No ___

Type of auditors report issued: Unqualified

Any audit findings disclosed required to be reported in
 Accordance with Section 510(a) of Circular A-133 Yes x No ___

Programs tested as major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Dept. of Housing Urban Development, Section 8 Housing
81.042	Dept. of Energy, Weatherization
93.568	Dept. of Health & Human Services, Energy Assistance Program
93.600	Dept. of Health & Human Services, Head Start

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

Auditee qualified as low-risk auditee? Yes ___ No x

Section II – Financial Statement Findings

None.

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED DECEMBER 31, 2007

Section III – Federal Awards Findings

FA-2007-1—Dept. of Energy, Weatherization, CFDA 81.042

Condition: A home receiving Weatherization services was reported as completed without the appropriate testing to determine the improvement achieved. The final inspection form had been signed by the employee and the resident. This error was known by the Weatherization staff and TRI-CAP management and was in the process of being corrected at the time of the audit. Personnel issues related to this incompleteness had been reviewed and disciplinary action was taken.

Criteria: Weatherization 2007 Manual, “Each sub-grantee or its authorized representative is required to complete a pre and post inspection of each unit receiving weatherization measures. A dwelling unit may not be reported as completed until it has passed a final inspection, according to 10 CFR 440.16(g). The final inspection certifies that the work was completed in a competent and professional manner, and in accordance with the approved procedures, and that all materials have been properly installed per 10 CFR 440.21.”

Cause: An employee inappropriately started and finished installation of weatherization items without performing the proper pressure pan reading tests before and after the installation.

Effect: A claim was submitted without all quality testing being performed.

Questioned Costs: Because this error occurred during the current contract year, TRI-CAP is attempting to correct the error by performing the tests; therefore, no questioned costs are anticipated.

Recommendation: Periodic reviews and monitoring of client files is recommended to ensure all procedures are completed and documented. Additionally, on-going training should reinforce required testings and procedures that must be completed and what an employee should do when obstacles are encountered.

Management Response and Corrective Action Plan:

TRI-CAP has put into place a client checklist file where required steps to test and weatherize a home are checked off by the Weatherization staff and Weatherization Director prior to the work being billed to the federal grants. All Weatherization staff with signatory responsibilities have terminated their employment with TRI-CAP. However, with the client checklist in place and new staff to be hired and trained, the Executive Director will be closely monitoring all Weatherization records. The expenses related to this client home will not be billed to a federal weatherization grant.

DUBOIS-PIKE-WARRICK ECONOMIC OPPORTUNITY COMMITTEE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED DECEMBER 31, 2007

FA-2007-2—Dept. of Health & Human Services, Energy Assistance Program, CFDA 93.568

Condition: One earned income calculation for determining a client's Energy Assistance Program benefits was in error which reduced the amount of Energy Assistance benefit for which the client was eligible.

Criteria: EAP 2007 Manual, Section 303.1 "Earned income (See Section 401.1) or fluctuating income must be verified for one of the following periods and converted to an annual figure for the eligibility determination:

- twelve (12) months of income, prior to application, used for the annual income; or
- six (6) months of income, prior to application, multiplied by two (2) for the annual income; or
- three (3) months of income, prior to application, multiplied by four (4) for the annual income."

Cause: A new employee made a calculation error.

Effect: One client inappropriately received an additional \$15 of benefits. This was considered a minor isolated clerical error and therefore was not projected for questioned costs.

Recommendation: Periodic reviews and monitoring of client files is recommended to ensure all calculations are accurate and documented. Oversight and monitoring of new employees is especially crucial to ensure the accurate application of rules for eligibility and benefit determination.

Management Response and Corrective Action Plan:

The client files calculated by the new employee who made the minor clerical error have been reviewed with an error rate of 4%. Additional training and monitoring of this and all subsequent client intake staff is in place with more direct supervision by a former client intake employee who is very well versed in the Energy Assistance Program. The additional \$15 benefit for the client will be reduced from the same client's summer benefit. Therefore, there will be no questioned costs for this or any other EAP client benefit.