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June 4, 2009

Board of Directors
Community Action of Northeast Indiana, Inc.
227 E. Washington Blvd., P.O. Box 10570
Fort Wayne, IN 46853

We have reviewed the audit report prepared by Wipfli, LLP, 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 Community Action of Northeast Indiana, 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.

We call your attention to the finding in the report. Page 25 contains one current audit finding.

STATE BOARD OF ACCOUNTS

**Community Action of Northeast
Indiana, Inc.**

Fort Wayne, Indiana

Financial Statements and Additional Information
Year Ended October 31, 2007

Community Action of Northeast Indiana, Inc.

Financial Statements and Additional Information

Year Ended October 31, 2007

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Independent Auditor's Report

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

We have audited the accompanying statement of financial position of Community Action of Northeast Indiana, Inc. as of October 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Community Action of Northeast Indiana, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Community Action of Northeast Indiana, Inc. at October 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2008, on our consideration of Community Action of Northeast Indiana, Inc.'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 made for the purpose of forming an opinion on the basic financial statements of Community Action of Northeast Indiana, Inc. taken as a whole. The additional information appearing on pages 13 through 19 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state 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*, 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 presented in all material respects in relation to the basic financial statements taken as a whole.


Wipfli LLP

May 9, 2008
Madison, Wisconsin

Community Action of Northeast Indiana, Inc.

Statement of Financial Position

October 31, 2007

<i>Assets</i>	
Current assets:	
Cash and cash equivalents	\$ 174,214
Resident fund cash	22,021
Grants receivable	783,125
Other assets	14,879
Prepaid expenses	73,118
Total current assets	1,067,357
Investments	450,309
Property and equipment - Net	2,555,688
TOTAL ASSETS	\$ 4,073,354
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of note payable	\$ 48,467
Accounts payable	296,079
Accrued payroll and related expenses	158,589
Accrued vacation	271,464
Grant funds received in advance	186,267
IDA match	22,021
Total current liabilities	982,887
Note payable - Long-term	414,049
Total liabilities	1,396,936
Net assets:	
Unrestricted	2,671,418
Temporarily restricted	5,000
Total net assets	2,676,418
TOTAL LIABILITIES AND NET ASSETS	\$ 4,073,354

Community Action of Northeast Indiana, Inc.

Statement of Activities

Year Ended October 31, 2007

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant revenue	\$ 13,339,578	\$ 0	\$ 13,339,578
Program income	153,389	0	153,389
Donations	51,932	0	51,932
Investment income	43,949	0	43,949
Other income	49,316	0	49,316
In-kind contributions	692,528	0	692,528
Net assets released from restriction	55,000	(55,000)	0
Total revenue	14,385,692	(55,000)	14,330,692
Expenses:			
Program activities:			
Child care development	467,476	0	467,476
Child education	5,482,033	0	5,482,033
Housing	783,582	0	783,582
Emergency services	89,158	0	89,158
Linkages with other programs	448,136	0	448,136
Self-sufficiency	1,073,146	0	1,073,146
Nutrition	255,483	0	255,483
Agency operations	148,228	0	148,228
Weatherization and energy	4,843,113	0	4,843,113
Total program activities	13,590,355	0	13,590,355
Management and general	713,276	0	713,276
Fund-raising	32,244	0	32,244
Total expenses	14,335,875	0	14,335,875
Change in net assets	49,817	(55,000)	(5,183)
Net assets at beginning	2,621,601	60,000	2,681,601
Net assets at end	\$ 2,671,418	\$ 5,000	\$ 2,676,418

See accompanying notes to financial statements.

Community Action of Northeast Indiana, Inc.

Statement of Cash Flows

Year Ended October 31, 2007

Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Change in net assets	\$ (5,183)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net unrealized loss on investments	5,926
Depreciation	153,051
Changes in operating assets and liabilities:	
Grants receivable	154,508
Other assets	10,915
Accounts payable	(195,038)
Prepaid expenses	(73,118)
Accrued payroll and related expenses	32,015
Accrued vacation	(24,668)
Grant funds received in advance	57,275
Net cash provided by operating activities	115,683
Cash flows from investing activities:	
Capital expenditures	(43,122)
Purchase of investments	(351,063)
Proceeds from sale of investments	240,564
Net cash used in investing activities	(153,621)
Cash flows from financing activities:	
Payments on note payable	(210,536)
Collections on contributions restricted for long-term purposes	55,000
Net cash used in financing activities	(155,536)
Change in cash and cash equivalents	(193,474)
Cash and cash equivalents at beginning	367,688
Cash and cash equivalents at end	\$ 174,214
Supplemental schedule of noncash investing and financing activities:	
Decrease in restricted cash for individual development account program	\$ 44,524
Interest paid and expensed	\$ 38,959

See accompanying notes to financial statements.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of Activities

Community Action of Northeast Indiana, Inc. (CANI) was organized as a nonprofit corporation in 1965. CANI was formed to develop and provide resources for the purpose of assisting low-income individuals in six counties of northeast Indiana through a variety of programs. CANI is primarily supported through federal and state government grants. Approximately 37% of CANI's grant revenue was provided under a Head Start grant funded by the Department of Health and Human Services.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States.

Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CANI and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of CANI and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by CANI. Generally, the donors of these assets permit CANI to use all or part of the income earned on any related investments for general or specific purposes. Currently, CANI does not have permanently restricted net assets.

Use of Estimates

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

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

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

Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise to give to CANI. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as released from restrictions.

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

Program contributions represent amounts contributed by program beneficiaries. The contributions are to help defray the cost of the specific program in which the beneficiary received assistance. The contributions are recorded as temporarily restricted revenue due to the implied stipulations that the contributions be used in the program the beneficiary received assistance. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as released from restrictions.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards that are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expense or asset acquisition is incurred. Amounts received in excess of expense or assets acquisition is reflected as grant funds received in advance.

B. Grant Awards that are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Cash and Cash Equivalents

CANI considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited or restricted. Cash and cash equivalents are stated at cost, which approximates fair value.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable market values and all investments in debt securities are reported at their fair values on the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in unrestricted revenue unless the income or loss is restricted by donor or law. Investments which are restricted by donors or the Board of Directors have been classified as long-term.

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. If there are no donor restrictions regarding how long a donated asset must be maintained, CANI reports expirations of donor restrictions when the donated assets are placed in service. Estimated useful lives range from three to seven years for vehicles and major movable equipment and from 30 to 40 years for land improvements, buildings, and fixed equipment. Property and equipment are items with a cost of \$5,000 or more and a useful life of more than one year.

Property and equipment acquired with grant funds are owned by CANI while used in the programs for which it was purchased or in other future authorized programs. However, the funding source has a reversionary interest in assets purchased with grant funds. Their disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations. The book value of grant-funded property and equipment was \$878,983 at October 31, 2007.

Income Taxes

CANI is a tax-exempt corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the code.

In-Kind Contributions

CANI has recorded in-kind contributions for space and professional services in 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 several of CANI's grant awards. CANI received contributions of nonprofessional volunteers during the year with a value of \$691,078 primarily for its Head Start program which are not recorded in the statement of activities.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Allocation of Functional Expenses

CANI utilizes various cost allocation formulas to distribute certain direct and indirect cost to its programs. Costs, which are common to more than one program, have been identified and classified into cost pools. These cost pools have been allocated to the programs based on formulas developed by CANI for each pool which approximate the benefits each program derives from the costs.

Note 2 Concentration of Credit Risk

CANI maintains cash balances at one bank. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. On a daily basis, cash balances over \$100,000 are swept into an investment account that invests these funds in U.S. Treasury Securities. Bank balances in excess of \$100,000 at October 31, 2007, which were swept into the investment account, were \$257,678.

Note 3 Investments

Investments, stated at fair value, consisted of bonds in the amount of \$450,309 at October 31, 2007.

Investment Income

Investment income and gains and losses on cash equivalents and investments consisted of the following at October 31, 2007:

Interest and dividends	\$ 49,875
Net unrealized loss	(5,926)
<hr/>	
Total investment income	\$ 43,949
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Note 4 Grants Receivable

Grants receivable consisted of the following at October 31, 2007:

Direct federal programs	\$ 246,914
Pass through federal and state programs	506,531
Other programs	29,680
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Total	\$ 783,125
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Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 5 Property and Equipment

Property and equipment consisted of the following at October 31, 2007:

Land	\$ 243,413
Building and improvements	2,329,626
Equipment	162,922
Vehicles	764,185
<hr/>	
Total property and equipment	3,500,146
Less - Accumulated depreciation	944,458
<hr/>	
Property and equipment - Net	\$ 2,555,688

Note 6 Individual Development Accounts

CANI administers an Individual Development Account (IDA) program. Low-income, eligible participants accumulate savings in a joint account in their name and CANI's name. Upon approval by CANI, these amounts are matched 3:1 by the Assets for Independence Program, which has a federal designation and flows through the Indiana Department of Commerce. The participant savings amount is also matched 3:1 with Indiana state funds from the Department of Commerce. Both funding streams match up to \$300 of the participant's savings. Participants can use the funds for the following purposes:

- Purchase of a home
- Starting a business
- Post-secondary education

Match funds are deposited in the joint account directly by the funding source and are not recorded as revenue or expense on CANI's general ledger as they are treated as a fiscal agent. To access the funds, the participant needs authorization from CANI. The balance of match funds in these accounts as of October 31, 2007, was \$22,021. This is recorded as resident fund cash and IDA match on the statement of financial position.

Note 7 Line of Credit

CANI has an unsecured line of credit for \$100,000 with National City Bank. This line of credit has a variable interest rate of 1% over the bank's index rate and no stated maturity date. There was no outstanding balance at October 31, 2007.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 8 Note Payable

Note payable to National City Bank of Indiana, collateralized by land and building, payable in monthly installments of \$6,589, including principal and interest at 6.56%, with the final payment due February 2020. \$ 462,516

Less - Current maturities 48,467

Long-term note payable \$ 414,049

Scheduled principal payments on long-term debt at October 31, 2007, including current maturities, are summarized as follows:

2008	\$ 48,467
2009	50,694
2010	53,023
2011	55,458
2012	58,006
Thereafter	196,868

Total \$ 462,516

Note 9 Temporarily Restricted Net Assets

CANI had a balance of uncollected promises to give at October 31, 2007, of \$5,000, which have been reported as temporarily restricted net assets and is included in other assets.

Note 10 Retirement Plan

CANI has a defined contribution plan under Section 403(b) of the Internal Revenue Code. Employees are eligible to participate in the plan upon hire. Employees are eligible for employer match after they have been employed by CANI for one year and are at least 21 years of age. Employees are fully vested after five years of service. Contributions to the plan are at the discretion of CANI. CANI's contribution for the year ended October 31, 2007, was \$125,419.

Note 11 Operating Leases

CANI leases various facilities and equipment for the operation of its programs. The operating lease payments for the year ended October 31, 2007, were \$375,489.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 11 Operating Leases (Continued)

Minimum future rental payments under these lease agreements consisted of the following at October 31, 2007:

2008	\$ 314,666
2009	242,792
2010	242,792
2011	237,544
2012	237,544
Thereafter	930,380
<hr/>	
Total	\$ 2,205,718

Note 12 Grant Awards

At October 31, 2007, CANI had commitments under various grants of approximately \$5,820,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Additional Information

Community Action of Northeast Indiana, Inc.

Schedule A-1

Schedule of Program Activity

Year Ended October 31, 2007

	FEDERAL PROGRAMS										
	USDA		Department of Housing and Urban Development			HOME		DOE			DHHS
	10.558	14.235	14.239	14.238	14.871	14.238	14.871	81.042	93.558		
	Child and Adult Care Food Program (1)	Supportive Housing Program (2)	HCDA Home Repair (3)	Investment Partnerships Program - OOR (4)	14.239 Subtotal	Shelter Plus Care (5)	Housing Choice Vouchers Program (6)	Weatherization Assistance Program (7)	TANF Healthy Families (8)		
REVENUE											
Grant revenue	\$ 13,339,578	\$ 3,014	\$ 110,598	\$ 149,522	\$ 260,120	\$ 98,712	\$ 675,186	\$ 435,475	\$ 933,729		
Program income	153,389	0	0	0	0	0	0	0	0		
Donations	51,932	0	0	0	0	0	0	0	200		
Investment income	43,949	0	0	0	0	0	0	0	0		
Other income	49,316	0	0	0	0	0	0	0	0		
In-kind contributions	692,528	0	0	0	0	0	0	0	0		
Total Revenue	14,330,692	3,014	110,598	149,522	260,120	98,712	675,186	435,475	933,929		
EXPENSES											
Personnel	4,663,465	5,299	12,483	17,194	29,677	12,853	45,568	158,424	625,656		
Consultants and contract labor	1,403,012	81	879	2,265	3,144	43	633	48,244	3,247		
Travel	187,367	50	345	773	1,118	449	1,439	7,461	31,718		
Occupancy	325,644	0	0	3,268	3,268	(581)	2,758	17,856	48,208		
Depreciation	153,051	0	0	0	0	0	0	0	0		
Minor equipment	(4,827)	0	0	0	0	0	0	3,948	1,455		
Client assistance	4,998,407	225	92,673	128,161	220,834	80,518	604,408	51,609	5,590		
Materials and supplies	409,917	17	3	115	118	0	111	102,520	10,842		
Telephone and postage	107,413	123	217	480	697	218	1,582	4,274	9,924		
Interest	38,959	0	0	0	0	0	0	0	0		
Other	82,242	74	212	493	705	0	399	2,967	13,654		
Shared costs	1,278,697	0	4,885	10,061	14,746	5,212	19,481	55,138	183,442		
Transfers	0	(4,227)	(899)	(13,288)	(14,187)	0	(1,193)	(16,966)	0		
In-kind expenses	692,528	0	0	0	0	0	0	0	0		
Total Expenses	14,335,875	3,014	110,598	149,522	260,120	98,712	675,186	435,475	933,736		
Change in Net Assets	(5,183)	0	0	0	0	0	0	0	193		
Net assets - October 31, 2006	2,681,601	0	0	0	0	0	0	0	0		
NET ASSETS - OCTOBER 31, 2007	\$ 2,676,418	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 193		

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc.

Schedule A-3

Schedule of Program Activity

Year Ended October 31, 2007

STATE AND LOCAL PROGRAMS

	Family Development (17)	REACH (18)	Family Support UW (19)	Family Development UW (20)	Wells Fargo Home Mortgage (21)	NIPSCO Weatherization (22)	Furnace for Low-Income Individuals (23)	Winter Warmth (24)	Head Start Assistance (25)	CSBG Community Action Program (26)
REVENUE										
Grant revenue	\$ 0	\$ 1,551	\$ 617	\$ 1,315	\$ 0	\$ 54,000	\$ 3,481	\$ 9,330	\$ 7,956	\$ 0
Program income	0	0	0	0	0	0	0	0	0	0
Donations	1,510	0	0	0	0	0	0	0	0	100
Investment income	0	0	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0	0	0	0
Total Revenue	1,510	1,551	617	1,315	0	54,000	3,481	9,330	7,956	100
EXPENSES										
Personnel	79,929	1,065	86	106	0	14,395	0	5,607	0	0
Consultants and contract labor	778	0	0	0	0	11,335	900	0	5,256	0
Travel	5,710	102	0	0	0	354	9	0	0	0
Occupancy	17,377	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0
Minor equipment	0	0	0	0	0	0	0	0	0	0
Client assistance	318	0	0	0	0	0	0	0	0	0
Materials and supplies	3,337	137	0	290	0	24,265	1,634	0	0	15,229
Telephone and postage	5,588	0	0	65	0	0	0	0	0	20
Interest	0	0	0	0	0	0	0	0	0	671
Other	2,143	0	0	0	0	0	0	0	0	0
Shared costs	18,094	247	531	854	0	3,675	929	3,723	2,700	0
Transfers	(131,764)	0	0	0	0	(48)	0	0	0	(15,820)
In-kind expenses	0	0	0	0	0	0	0	0	0	0
Total Expenses	1,510	1,551	617	1,315	0	54,000	3,481	9,330	7,956	100
Change in Net Assets	0	0	0	0	0	0	0	0	0	0
Net assets - October 31, 2006	0	0	0	0	0	0	0	0	0	0
NET ASSETS - OCTOBER 31, 2007	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc.

Schedule A-4 Schedule of Program Activity Year Ended October 31, 2007

STATE AND LOCAL PROGRAMS

	Gold Star Program (27)	Off to a Good Start (28)	Community Focus (29)	Transportation (30)	Knight Foundation (31)	Utilities Programs (32)	Deeds of Compassion (33)	Grandparent Resource (34)	Central Site Program (35)	Case Coordination System (36)
REVENUE										
Grant revenue	\$ 1,059	\$ 2,502	\$ 0	\$ 0	\$ 14,585	\$ 1,124	\$ 675	\$ 0	\$ 42,251	\$ 24,868
Program income	0	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0	0	0
Investment income	0	0	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	0	1,750	0	0
In-kind contributions	0	0	0	0	0	0	0	0	0	0
Total Revenue	1,059	2,502	0	0	14,585	1,124	675	1,750	42,251	24,868
EXPENSES										
Personnel	0	1,240	0	0	0	0	0	0	35,272	21,564
Consultants and contract labor	0	0	0	0	12,900	0	0	679	185	0
Travel	0	0	0	0	0	0	0	109	654	0
Occupancy	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0
Minor equipment	0	0	0	0	0	0	0	0	0	0
Client assistance	127	400	0	0	1,200	974	0	227	0	0
Materials and supplies	0	862	0	0	485	0	675	735	117	0
Telephone and postage	29	0	0	0	0	0	0	0	877	0
Interest	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Shared costs	903	0	0	0	0	150	0	0	1	1
Transfers	0	0	0	0	0	0	0	0	5,145	3,303
In-kind expenses	0	0	0	0	0	0	0	0	0	0
Total Expenses	1,059	2,502	0	0	14,585	1,124	675	1,750	42,251	24,868
Change in Net Assets	0	0	0	0	0	0	0	0	0	0
Net assets - October 31, 2006	0	0	0	2,953	0	0	0	0	0	0
NET ASSETS - OCTOBER 31, 2007	\$ 0	\$ 0	\$ 0	\$ 2,953	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc.

Schedule A-5

Schedule of Program Activity

Year Ended October 31, 2007

	STATE AND LOCAL PROGRAMS				OTHER PROGRAM			DISCRETIONARY	
	Head Start Other (37)	Hanna Creighton Building Fund (38)	Dekalb County CF (39)	Total State and Local Activity	GAAP Adjustments (40)	Total Program Activity	Agency Fund-raising (41)	Agency Operations (42)	Total Discretionary Activity
REVENUE									
Grant revenue	\$ 15,301	\$ 0	\$ 3,000	\$ 183,615	\$ 0	\$ 13,331,138	\$ 0	\$ 8,440	\$ 8,440
Program income	0	0	0	0	0	153,389	0	0	0
Donations	2,943	3,100	0	7,653	0	7,843	0	44,089	44,089
Investment income	0	190	0	190	0	434	0	43,515	43,515
Other income	92	14	0	1,856	0	18,856	0	30,460	30,460
In-kind contributions	0	0	0	0	(691,078)	692,528	0	0	0
Total Revenue	18,336	3,304	3,000	193,314	(691,078)	14,204,188	0	126,504	126,504
EXPENSES									
Personnel	0	0	1,457	160,721	0	4,658,265	0	5,200	5,200
Consultants and contract labor	8,044	0	0	40,077	0	1,403,099	(87)	0	(87)
Travel	225	0	0	7,163	0	186,821	0	546	546
Occupancy	1,375	(160,930)	0	(142,178)	0	325,644	0	0	0
Depreciation	0	51,713	0	51,713	98,992	150,705	0	2,346	2,346
Minor equipment	0	0	0	0	(43,122)	(4,827)	0	0	0
Client assistance	1,295	0	1,533	21,303	0	4,861,346	0	137,061	137,061
Materials and supplies	7,140	0	0	39,697	0	390,358	10,461	9,098	19,559
Telephone and postage	0	0	0	7,230	0	103,439	3,734	240	3,974
Interest	0	0	0	0	0	38,959	0	0	0
Other	0	0	0	4,878	791	77,181	(3,412)	8,473	5,061
Shared costs	0	0	10	37,564	0	1,260,653	17,985	59	18,044
Transfers	0	0	0	(147,632)	0	3,452	(28,319)	24,867	(3,452)
In-kind expenses	0	0	0	0	(691,078)	692,528	0	0	0
Total Expenses	18,079	(109,217)	3,000	80,536	(634,417)	14,147,623	362	187,890	188,252
Change in Net Assets	257	112,521	0	0	(56,661)	448	(362)	(61,386)	(61,748)
Net assets - October 31, 2006	10,615	1,806,923	0	1,820,491	208,953	2,029,444	413	651,744	652,157
NET ASSETS - OCTOBER 31, 2007	\$ 10,872	\$ 1,919,444	\$ 0	\$ 1,981,563	\$ 152,292	\$ 2,029,892	\$ 51	\$ 590,358	\$ 590,409

See Independent Auditor's Report.

Community Action of Northeast Indiana, Inc.

Schedule B-1

Schedule of Expenditures of Federal Awards

Year Ended October 31, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed-Through Indiana Department of Education</u>			
(1) Child and Adult Care Food Program	10.558	06-07	<u>\$ 268,892</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<u>Passed-Through Vincent House, Inc.</u>			
(2) Supportive Housing Program	14.235	06-07	<u>3,014</u>
<u>Passed-Through Indiana Housing Finance Authority</u>			
(3) HCDA Home Repair	14.239	IH-006-007	110,598
(4) HOME Investment Partnerships Program - OOR		OR-006-007 and	<u>149,522</u>
Total CFDA #14.239			<u><u>260,120</u></u>
<u>Passed-Through Indiana Housing Finance Authority</u>			
(5) Shelter Plus Care	14.238	SC-005-001	<u>98,712</u>
<u>Passed-Through Indiana Housing Finance Authority</u>			
(6) Lower Income Housing Assistance Program - Section 8 Moderate	14.871	SH-006-001	<u>675,186</u>
U.S. DEPARTMENT OF ENERGY			
<u>Passed-Through Indiana Housing Finance Authority</u>			
(7) Weatherization Assistance for Low-Income Persons	81.042	02-06-0J-1671-01	256,338
		02-06-0J-1671-02	<u>179,137</u>
Total CFDA #81.042			<u><u>435,475</u></u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed-Through Community Alliance for Healthy Families</u>			
(8) Temporary Assistance for Needy Families	93.558	N/A	<u>933,729</u>
<u>Passed-Through Indiana Housing Finance Authority</u>			
(9) Weatherization Assistance - LIHEAP	93.568	WL-007-007	301,905
(10) Weatherization Assistance - SWEEP		WL-007-007	51,026
(11) Energy Assistance Program		LI-006-007	<u>4,131,504</u>
Total CFDA #93.568			<u><u>4,484,435</u></u>
<u>Passed-Through Indiana Housing Finance Authority</u>			
(12) Community Services Block Grant	93.569	CS-006-007	66,199
		CS-007-007	<u>405,457</u>
Total CFDA #93.569			<u><u>471,656</u></u>

Community Action of Northeast Indiana, Inc.

Schedule B-2

Schedule of Expenditures of Federal Awards

Year Ended October 31, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
<u>Passed-Through Indiana Family and Social Services Administration</u>			
(13) Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	02-06-34-1671-02 02-06-34-1671-03	444,215 47,796 <u>492,011</u>
<u>Direct Grant</u>			
(14) Head Start (including \$588,305 of delegated expenses)	93.600	05CH4038/41	<u>4,926,727</u>
<u>Passed-Through Indiana Department of Commerce</u>			
(15) Assets for Independence Demonstration Program	93.602	N/A	<u>3,729</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<u>Passed-Through Emergency Food and Shelter National Board</u>			
(16) Emergency Food and Shelter National Board Program	97.024	Phase 24/Phase 25	<u>93,837</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 13,147,523</u></u>

Note to Schedule of Expenditures of Federal Awards

This schedule includes the federal grant activity of Community Action of Northeast Indiana, Inc. 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.

Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

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

We have audited the financial statements of Community Action of Northeast Indiana, Inc. as of and for the year ended October 31, 2007, and have issued our report thereon dated May 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Action of Northeast Indiana, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action of Northeast Indiana, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Community Action of Northeast Indiana, Inc.'s internal control over financial reporting.

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

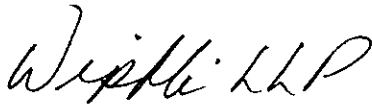
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Community Action of Northeast Indiana, Inc.'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 Community Action of Northeast Indiana, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting as identified as item 103107-01.

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 of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above, item 103107-01, to be a material weakness.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Directors, others within Community Action of Northeast Indiana, Inc., 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.



Wipfli LLP

May 9, 2008
Madison, Wisconsin

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

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

Compliance

We have audited the compliance of Community Action of Northeast Indiana, 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. Community Action of Northeast Indiana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Community Action of Northeast Indiana, Inc.'s management. Our responsibility is to express an opinion on Community Action of Northeast Indiana, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action of Northeast Indiana, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Community Action of Northeast Indiana, Inc.'s compliance with those requirements.

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

Internal Control Over Compliance

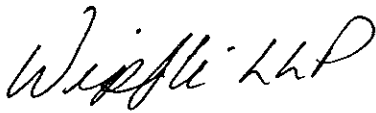
The management of Community Action of Northeast Indiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Community Action of Northeast Indiana, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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 with a type of compliance requirement 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 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 management, the Board of Directors, others within Community Action of Northeast Indiana, Inc., 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.



Wipfli LLP

May 9, 2008
Madison, Wisconsin

Community Action of Northeast Indiana, Inc.

Schedule of Findings and Questioned Costs

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
Significant deficiency(ies) identified not considered to be a material weakness?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be a material weakness?	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)?

No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child and Adult Care Food Program
14.871	Low-Income Housing Assistance Program - Section 8
81.042	Weatherization Assistance for Low-Income Persons
93.569	Community Services Block Grant
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs

\$394,426

Auditee qualified as low-risk auditee?

No

Community Action of Northeast Indiana, Inc.

Schedule of Findings and Questioned Costs (Continued)

Section II - Financial Statement Findings

Findings:

MATERIAL ADJUSTMENT (103107-01)

Condition

During the audit, Wipfli LLP discovered and proposed one adjusting journal entry to record expenses and accounts payable that was related to one invoice, which we deemed to be material in relation to the financial statements. Since Community Action of Northeast Indiana, Inc.'s internal controls did not discover and correct this adjustment prior to our audit, a material weakness exists in Community Action of Northeast Indiana, Inc.'s controls over financial statement adjustments.

Criteria

Government Auditing Standards (January 2007 revision) consider the inability to perform necessary financial statement calculations and accurately adjust account balances to be an internal control weakness.

Effect

As a result of not performing the necessary adjustment to account balances, a material weakness exists in internal controls.

Recommendation

We recommend that Community Action of Northeast Indiana, Inc. implement procedures to provide sufficient internal controls over financial statement adjustments.

Section III - Federal Award Findings and Questioned Costs

None