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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, 2007 to October 31, 2008. 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, 2008, 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. Management's response is on page 26.

STATE BOARD OF ACCOUNTS

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

Fort Wayne, Indiana

Financial Statements and Additional Information

Year Ended October 31, 2008

Community Action of Northeast Indiana, Inc.

Financial Statements and Additional Information Year Ended October 31, 2008

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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, 2008, 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, 2008, 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 April 21, 2009, 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*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Wipfli LLP

Wipfli LLP

April 21, 2009
Madison, Wisconsin

Community Action of Northeast Indiana, Inc.

Statement of Financial Position

October 31, 2008

<i>Assets</i>	
Current assets:	
Cash and cash equivalents	\$ 398,828
IDA fund cash	92,570
Grants receivable	1,862,145
Other assets	20,557
Prepaid expenses	150,216
Total current assets	2,524,316
Investments	382,544
Property and equipment - Net	2,426,145
TOTAL ASSETS	\$ 5,333,005
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of note payable	\$ 50,694
Accounts payable	1,450,734
Accrued payroll and related expenses	201,352
Accrued vacation	281,158
Grant funds received in advance	198,703
IDA fund liability	92,570
Total current liabilities	2,275,211
Note payable - Long-term	290,752
Total liabilities	2,565,963
Net assets:	
Unrestricted	2,762,042
Temporarily restricted	5,000
Total net assets	2,767,042
TOTAL LIABILITIES AND NET ASSETS	\$ 5,333,005

Community Action of Northeast Indiana, Inc.

Statement of Activities

Year Ended October 31, 2008

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant revenue	\$ 15,107,484	\$ 0	\$ 15,107,484
Program income	116,659	0	116,659
Donations	17,765	5,000	22,765
Investment loss	(58,818)	0	(58,818)
Other income	125,057	0	125,057
In-kind contributions	883,499	0	883,499
Net assets released from restriction	5,000	(5,000)	0
Total revenue	16,196,646	0	16,196,646
Expenses:			
Program activities:			
Child care development	477,982	0	477,982
Child education	5,795,493	0	5,795,493
Housing	949,555	0	949,555
Emergency services	75,811	0	75,811
Linkages with other programs	440,516	0	440,516
Self-sufficiency	1,469,880	0	1,469,880
Nutrition	259,684	0	259,684
Agency operations	14,462	0	14,462
Weatherization and energy	5,954,139	0	5,954,139
Total program activities	15,437,522	0	15,437,522
Management and general	643,634	0	643,634
Fund-raising	24,866	0	24,866
Total expenses	16,106,022	0	16,106,022
Change in net assets	90,624	0	90,624
Net assets - beginning	2,676,418	5,000	2,681,418
Net assets - end	\$ 2,762,042	\$ 5,000	\$ 2,767,042

Community Action of Northeast Indiana, Inc.

Statement of Cash Flows

Year Ended October 31, 2008

Increase (decrease) in :

Cash flows from operating activities:	
Change in net assets	\$ 90,624
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net unrealized loss on investments	101,296
Depreciation	140,496
Changes in operating assets and liabilities:	
Grants receivable	(1,079,020)
Other assets	(5,678)
Accounts payable	1,154,655
Prepaid expenses	(77,098)
Accrued payroll and related expenses	42,763
Accrued vacation	9,695
Grant funds received in advance	12,436
Net cash provided by operating activities	390,169
Cash flows from investing activities:	
Capital expenditures	(10,954)
Purchase of investments	(52,531)
Proceeds from sale of investments	19,000
Net cash used in investing activities	(44,485)
Cash flows from financing activities:	
Payments on note payable	(121,070)
Net cash used in financing activities	(121,070)
Change in cash and cash equivalents	224,614
Cash and cash equivalents - beginning	174,214
Cash and cash equivalents - end	\$ 398,828
Supplemental schedule of noncash investing and financing activities:	
Increase in restricted cash for IDA program	\$ 70,549
Interest paid and expensed	26,997

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 33% 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.

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 \$802,872 at October 31, 2008.

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 \$549,825 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 \$250,000. 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, 2008, which were swept into the investment account, were \$240,777.

The Emergency Economic Stabilization Act of 2008, passed on October 3, 2008, increased insurance limits per depositor for accounts held at FDIC-insured banks and NCUSIF-insured credit unions from \$100,000 to \$250,000. This is a temporary increase which is effective from October 3, 2008, until December 31, 2009.

Note 3 Investments

Investments, stated at fair value, consisted of bonds in the amount of \$382,544 at October 31, 2008.

Investment Income

Investment income and gains and losses on cash equivalents and investments consisted of the following at October 31, 2008:

Interest and dividends	\$ 42,478
Net unrealized loss	(101,296)
<hr/>	
Total investment income (loss)	\$ (58,818)

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

Note 4 Grants Receivable

Grants receivable consisted of the following at October 31, 2008:

Direct federal programs	\$ 114,894
Pass through federal and state programs	1,708,331
Other programs	38,920
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Total	\$ 1,862,145
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Note 5 Property and Equipment

Property and equipment consisted of the following at October 31, 2008:

Land	\$ 243,413
Building and improvements	2,329,626
Equipment	162,922
Vehicles	366,607
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Total property and equipment	3,102,568
Less - Accumulated depreciation	676,423
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Property and equipment - Net	\$ 2,426,145
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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 1.82:1 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 2.93:1 with state funds from the Indiana Department of Commerce. Both funding streams match up to \$400 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, 2008, was \$92,570. This is recorded as IDA fund cash and IDA Fund liability on the statement of financial position.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

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 (which is equal to the prime rate, and was 4% as of October 31, 2008) and no stated maturity date. There was no outstanding balance at October 31, 2008.

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. \$ 341,446

Less - Current maturities 50,694

Long-term note payable \$ 290,752

Scheduled principal payments on long-term debt at October 31, 2008, including current maturities, are summarized as follows:

2009	\$ 50,694
2010	53,023
2011	55,458
2012	58,006
2013	60,671
Thereafter	63,594
<hr/>	
Total	<u>\$ 341,446</u>

Note 9 Temporarily Restricted Net Assets

CANI had a balance of uncollected promises to give at October 31, 2008, 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, 2008, was \$122,585.

Community Action of Northeast Indiana, Inc.

Notes to Financial Statements

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, 2008, were \$409,118.

Minimum future rental payments under these lease agreements consisted of the following at October 31, 2008:

2009	\$ 365,512
2010	286,840
2011	281,592
2012	281,592
2013	281,592
Thereafter	844,776
<hr/>	
Total	<u>\$ 2,341,904</u>

Note 12 Grant Awards

At October 31, 2008, CANI had commitments under various grants of approximately \$8,080,000. 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, 2008

	FEDERAL PROGRAMS							Weather-ization Assistance SWEEP Program (9)
	USDA	HOME	HUD	Housing Choice Vouchers Program (4)	Weather-ization Assistance Program (5)	TANF Healthy Families (6)	Weather-ization Assistance LIHEAP (7)	
	10,558	14,239	14,238	14,871	81,042	93,558	93,568	
REVENUE								
Grant revenue	\$ 270,511	\$ 257,929	\$ 178,579	\$ 731,216	\$ 416,322	\$ 1,005,609	\$ 310,107	\$ 54,095
Program income	0	0	0	0	0	0	0	0
Donations	116,659	0	0	0	0	0	0	0
Investment loss	22,765	0	0	0	0	0	0	0
Other income	(58,818)	0	0	0	0	0	0	0
In-kind contributions	125,057	0	0	0	0	0	0	0
Total Revenue	883,499	257,929	178,579	731,216	416,322	1,005,609	310,107	54,095
EXPENSES								
Personnel	4,975,862	25,615	10,974	58,090	190,853	695,148	105,112	16,510
Consultants and contract labor	1,328,057	2,208	106	913	39,830	4,585	40,871	10,924
Travel	191,227	2,245	691	2,195	6,829	35,488	4,906	457
Occupancy	401,755	3,987	187	3,979	16,719	56,597	12,735	864
Depreciation	140,496	0	0	0	0	0	0	0
Minor equipment	13,936	0	0	0	0	0	(500)	0
Client assistance	6,246,014	208,863	162,876	652,237	36,532	4,105	50	1
Materials and supplies	432,887	962	8	39	88,095	13,823	76,162	19,624
Telephone and postage	101,536	698	210	860	3,203	12,677	2,801	256
Interest	26,997	0	0	0	0	0	0	0
Other	103,229	1,462	169	877	3,414	9,441	2,562	309
Shared costs	1,260,557	11,911	6,320	12,250	46,057	173,765	67,645	7,701
Transfers	0	(22)	(2,962)	(224)	(15,210)	0	(2,227)	(2,551)
In-kind expenses	883,499	0	0	0	0	0	0	0
Total Expenses	16,106,022	270,511	178,579	731,216	416,322	1,005,609	310,117	54,095
Change in Net Assets	90,624	0	0	0	0	0	(10)	0
Net assets - beginning	2,676,418	0	0	0	0	193	10	0
Transfers	0	0	0	0	0	0	0	0
NET ASSETS - end	\$ 2,767,042	\$ 0	\$ 0	\$ 0	\$ 0	\$ 193	\$ 0	\$ 0

Community Action of Northeast Indiana, Inc.

Schedule A-3 Schedule of Program Activity Year Ended October 31, 2008

STATE AND LOCAL PROGRAMS

	Wells Fargo Home Improvement (19)	NIPSCO Weatherization (20)	Furnace for Low-Income Individuals (21)	Winter Warmth (22)	Head Start Assistance (23)	CSBG Community Action Program (24)	Gold Star Program (25)	Off to a Good Start (26)	Transportation (27)	Knight Foundation (28)	Utilities Programs (29)
REVENUE											
Grant revenue	\$ 5,103	\$ 40,492	\$ 12,027	\$ 1,013	\$ 6,254	\$ 0	\$ 2,665	\$ 5,148	\$ 0	\$ 31,650	\$ 335
Program income	0	0	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0	0	0	0
Investment loss	0	0	0	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	5,103	40,492	12,027	1,013	6,254	0	2,665	5,148	0	31,650	335
EXPENSES											
Personnel	0	11,085	3,875	80	0	0	2,423	(1,240)	0	0	0
Consultants and contract labor	0	7,329	2,304	246	3,415	0	0	0	0	15,164	0
Travel	0	258	157	0	0	0	1	0	0	0	0
Occupancy	0	324	0	0	0	0	0	0	0	10,592	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0
Minor equipment	0	0	0	0	0	0	0	0	0	0	0
Client assistance	3,891	1	0	0	0	21,745	0	2,088	0	3,200	995
Materials and supplies	1,212	17,034	4,810	0	0	0	0	4,300	0	2,694	0
Telephone and postage	0	82	0	0	0	473	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0
Other	0	163	67	414	2,839	0	0	0	0	0	0
Shared costs	0	4,216	1,284	273	0	(22,218)	241	0	0	0	150
Transfers	0	0	(470)	0	0	0	0	0	0	0	(810)
In-kind expenses	0	0	0	0	0	0	0	0	0	0	0
Total Expenses	5,103	40,492	12,027	1,013	6,254	0	2,665	5,148	0	31,650	335
Change in Net Assets											
Net assets - beginning	0	0	0	0	0	0	0	0	2,953	0	0
Transfers	0	0	0	0	0	0	0	0	0	0	0
NET ASSETS - end	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,953	\$ 0	\$ 0

Community Action of Northeast Indiana, Inc.

Schedule A-4 Schedule of Program Activity Year Ended October 31, 2008

STATE AND LOCAL PROGRAMS

	Deeds of Com- p- a- s- s- i- o- n (30)	Grand- parent Resource (31)	Central Site Program (32)	Case Coord- ination System (33)	Head Start Other (34)	Hanna Creighton Building Fund (35)	Covering Kids and Families of Indiana (36)	I&M Weather- ization (37)	NIPSCO Home Energy Solutions (38)
REVENUE									
Grant revenue	\$ 1,213	\$ 0	\$ 63,572	\$ 17,000	\$ 16,843	\$ 0	\$ 75,257	\$ 0	\$ 17,044
Program income	0	0	0	0	0	0	0	0	0
Donations	0	0	3,300	0	1,566	0	0	0	0
Investment loss	0	0	0	0	0	60	0	0	0
Other income	0	982	0	0	113	0	0	9,431	0
In-kind contributions	0	0	0	0	0	0	0	0	0
Total Revenue	1,213	982	66,872	17,000	18,522	60	75,257	9,431	17,044
EXPENSES									
Personnel	0	0	59,470	14,524	0	0	62,411	2,604	690
Consultants and contract labor	0	(77)	2	15	8,890	0	50	1,600	4,984
Travel	0	0	1,659	0	3,411	0	4,857	0	21
Occupancy	0	0	373	0	0	(109,712)	3,152	0	0
Depreciation	0	0	0	0	0	76,321	0	0	0
Minor equipment	0	0	0	0	0	0	0	0	0
Client assistance	0	0	0	0	180	0	718	0	0
Materials and supplies	1,213	1,059	0	0	9,189	0	3,568	5,071	10,948
Telephone and postage	0	0	89	0	0	0	968	0	0
Interest	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	54	0	953	0	0
Shared costs	0	0	1,979	2,457	0	0	8,913	156	401
Transfers	0	0	0	4	0	0	(10,333)	0	0
In-kind expenses	0	0	0	0	0	0	0	0	0
Total Expenses	1,213	982	63,572	17,000	21,724	(33,391)	75,257	9,431	17,044
Change in Net Assets	0	0	3,300	0	(3,202)	33,451	0	0	0
Net assets - beginning	0	0	0	0	10,872	1,919,444	0	0	0
Transfers	0	0	0	0	0	(76,706)	0	0	0
NET ASSETS - end	\$ 0	\$ 0	\$ 3,300	\$ 0	\$ 7,670	\$ 1,876,189	\$ 0	\$ 0	\$ 0

Community Action of Northeast Indiana, Inc.

Schedule A-5 Schedule of Program Activity Year Ended October 31, 2008

	STATE AND LOCAL PROGRAMS				OTHER			DISCRETIONARY	
	NIPSCO Family Dev (39)	The PACT (40)	Total State and Local Activity	GAAP Adjustments (41)	Total Program Activity	Agency Fund-raising (42)	Agency Operations (43)	Total Discretionary Activity	
REVENUE									
Grant revenue	\$ 218	\$ 0	\$ 395,025	\$ 0	\$ 15,095,944	\$ 0	\$ 11,540	\$ 11,540	
Program income	0	0	0	0	116,659	0	0	0	
Donations	0	0	5,896	0	10,896	0	11,869	11,869	
Investment loss	0	0	60	0	123	0	(58,941)	(58,941)	
Other income	0	41,060	51,586	0	84,954	15	40,088	40,103	
In-kind contributions	0	0	0	(549,825)	883,499	0	0	0	
Total Revenue	218	41,060	452,567	(549,825)	16,192,075	15	4,556	4,571	
EXPENSES									
Personnel	0	0	321,199	0	4,975,707	63	92	155	
Consultants and contract labor	0	0	44,490	0	1,328,057	0	0	0	
Travel	0	33,488	51,891	0	190,855	9	363	372	
Occupancy	0	1,800	75,399	0	401,755	0	0	0	
Depreciation	0	0	76,321	62,842	139,163	0	1,333	1,333	
Minor equipment	0	0	0	(10,954)	13,936	0	0	0	
Client assistance	0	0	33,254	0	6,379,654	0	(133,640)	(133,640)	
Materials and supplies	0	0	62,759	0	429,740	150	2,967	3,117	
Telephone and postage	0	0	7,619	0	101,509	0	27	27	
Interest	0	0	0	0	26,997	0	0	0	
Other	0	561	7,825	0	89,983	(222)	13,468	13,246	
Shared costs	218	0	48,329	0	1,249,068	0	11,489	11,489	
Transfers	0	0	(164,481)	0	(4,619)	0	4,619	4,619	
In-kind expenses	0	0	0	(549,825)	883,499	0	0	0	
Total Expenses	218	35,849	413,807	(497,937)	16,205,304	0	(99,282)	(99,282)	
Change in Net Assets	0	5,211	38,760	(51,888)	(13,229)	15	103,838	103,853	
Net assets - beginning	0	0	1,933,269	152,292	2,086,009	51	590,358	590,409	
Transfers	0	0	(76,706)	76,706	0	0	0	0	
NET ASSETS - end	0	5,211	1,895,323	\$ 177,110	\$ 2,072,780	\$ 66	\$ 694,196	\$ 694,262	

Community Action of Northeast Indiana, Inc.

Schedule B-1

Schedule of Expenditures of Federal Awards

Year Ended October 31, 2008

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	1020006	<u>\$ 270,511</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<u>Passed-Through Indiana Housing Finance Authority</u>			
(2) HOME Investment Partnerships Program - OOR	14.239	OR-007-007	<u>257,929</u>
<u>Passed-Through Indiana Housing Finance Authority</u>			
(3) Shelter Plus Care	14.238	IN36C903002	<u>178,579</u>
<u>Passed-Through Indiana Housing Finance Authority</u>			
(4) Lower Income Housing Assistance Program - Section 8 Housing Choice Voucher Program	14.871	SH-008-009 SH-006-001	280,370 <u>450,846</u>
Total CFDA #14.871			<u>731,216</u>
U.S. DEPARTMENT OF ENERGY			
<u>Passed-Through Indiana Housing Finance Authority</u>			
(5) Weatherization Assistance for Low-Income Persons	81.042	007-007-001 007-007-002	246,232 <u>170,090</u>
Total CFDA #81.042			<u>416,322</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed-Through Community Alliance for Healthy Families</u>			
(6) Temporary Assistance for Needy Families	93.558	N/A	<u>1,005,609</u>
<u>Passed-Through Indiana Housing Finance Authority</u>			
(7) Weatherization Assistance - LIHEAP	93.568	WL-008-007 / WL-007-007	310,107
(8) Weatherization Assistance - SWEEP		WL-008-007 / WL-007-007	54,095
(9) Energy Assistance Program		LI-009-007 / LI-007-007	5,507,530
Total CFDA #93.568			<u>5,871,732</u>
<u>Passed-Through Indiana Housing Finance Authority</u>			
(10) Community Services Block Grant	93.569	CS-007-007-01 CS-007-007-02	76,816 <u>382,066</u>
Total CFDA #93.569			<u>458,882</u>
<u>Passed-Through Indiana Family and Social Services Administration</u>			
(11) Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	F1-6-02-06-34-1671	<u>497,910</u>

Community Action of Northeast Indiana, Inc.

Schedule B-2

Schedule of Expenditures of Federal Awards

Year Ended October 31, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
<u>Direct Grant</u>			
(12) Head Start (including \$588,305 of delegated expenses)	93.600	05CH4038/42	<u>4,926,727</u>
<u>Passed-Through Indiana Department of Commerce</u>			
(13) Assets for Independence Demonstration Program	93.602	N/A	<u>6,684</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<u>Passed-Through Emergency Food and Shelter National Board</u>			
(14) Emergency Food and Shelter National Board Program	97.024	Phase 25	228
		Phase 26	<u>78,590</u>
Total CFDA #97.024			<u><u>78,818</u></u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 14,700,919</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, 2008, and have issued our report thereon dated April 21, 2009. 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.

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.

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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

We noted certain matters that we reported to management of Community Action of Northeast Indiana, Inc. in a separate letter dated April 21, 2009.

Community Action of Northeast Indiana, Inc.'s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Community Action of Northeast Indiana, Inc.'s response and, accordingly, we express no opinion on it.

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

Wipfli LLP

April 21, 2009
Madison, Wisconsin



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

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

Compliance

We have audited the compliance of Community Action of Northeast Indiana, Inc. (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended October 31, 2008. 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.

As described in item 103108-01 in the accompanying schedule of findings and questioned costs, Community Action of Northeast Indiana, Inc. did not comply with requirements regarding the ability to support eligibility determinations that are applicable to its Low Income Housing Energy Assistance Program. Compliance with such requirements is necessary, in our opinion, for Community Action of Northeast Indiana, Inc. to comply with the requirements of that program.

In our opinion, except for the non-compliance described in the preceding paragraph, 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, 2008.

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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action of Northeast Indiana, Inc.'s internal control over compliance.

Our consideration of 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. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an organization'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 organization'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 organization's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 103108-01 to be a significant deficiency in internal control over compliance.

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 organization's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 103108-01 to be a material weakness.

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

Wipfli LLP

April 21, 2009
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?	No
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?	Yes
Significant deficiency(ies) identified not considered to be a material weakness?	None reported
Type of auditor's report issued on compliance for major programs	Qualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Yes

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.558	Healthy Families
93.568	Low-Income Housing Energy Assistance Program
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs	\$441,028
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

None

Section III - Federal Award Findings and Questioned Costs

DEPARTMENT OF HEALTH AND HUMAN SERVICES LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM - CFDA #93.568

GRANT #: LI-007-007

GRANT PERIOD: OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008

QUESTIONED COSTS: \$1,344

FINDING:

FILE DOCUMENTATION AND ELIGIBILITY (103108-01)

Condition

During the audit, there was evidence that the internal control systems in place related to the Low Income Home Energy Assistance Program (LIHEAP) failed to provide reasonable assurance that Community Action of Northeast Indiana, Inc. is managing the program in compliance with the provisions of the grant agreement. Specifically, we noted that 5 out of 59 files selected for testing were not located. This indicates there is a material weakness in internal control over file documentation and the inability to support eligibility determinations in accordance with program guidelines.

Criteria

OMB Circular A-133, Subpart C Sec. 300 (b), requires that ... the grant recipient shall maintain internal control over federal programs that provides reasonable assurance that the auditee in managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Effect

The non-compliance has resulted in benefits being paid to potentially ineligible participants, which resulted in unallowable costs.

Recommendation

We recommend that Community Action of Northeast Indiana, Inc. review existing controls to determine the cause for the material breakdowns. Management should determine if the weaknesses were due to personnel or ineffective internal control systems. Management should make modifications to personnel and existing controls as necessary to ensure compliance with the grant requirements.

Community Action of Northeast Indiana, Inc.

Schedule of Findings and Questioned Costs (Continued)

Section III - Federal Award Findings and Questioned Costs (Continued)

Auditee's Response to the Current Year Finding

After learning of the internal control weakness, Community Action of Northeast Indiana, Inc. took immediate steps to fix the situation. The weakness occurred because there was no reconciliation between the program database, which is controlled by the State and is through which vendors are paid by the program, and our hard copy files. Community Action of Northeast Indiana, Inc.'s files are audited annually by multiple sources, and missing files have never been discovered before. Nevertheless, based on this finding Community Action of Northeast Indiana, Inc. has created a new system to ensure that no hard copy files will be missing again.

Community Action of Northeast Indiana, Inc. has moved what was a part-time position to a full-time position within the agency. The added responsibility of this position will be, on a daily basis, to verify that each application entered into the statewide database has a hard copy file. This person will then sign off on the documentation and send it to the Energy Programs Coordinator who will then verify that all the documentation is correct. This person will sign off on the documentation, and forward the files to clerical to be filed in our file room. Clerical will be the last to sign off on the files, and access to the file room is restricted to only clerical staff. In this manner Community Action of Northeast Indiana, Inc. will ensure that all of our hard copy requirements are present and that we have an accountability trail as well.