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June 18, 2009

Board of Directors
Northwest Indiana Community
Action Corporation
5240 Fountain Drive
Crown Point, IN 46307

We have reviewed the audit report prepared by Wipfli, LLP, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Northwest Indiana Community Action Corporation, as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**Northwest Indiana Community
Action Corporation**

Crown Point, Indiana

Financial Statements and Additional Information
Years Ended December 31, 2007 and 2006

Northwest Indiana Community Action Corporation

Financial Statements and Additional Information
Years Ended December 31, 2007 and 2006

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Independent Auditor's Report

Board of Directors
Northwest Indiana Community Action Corporation
Crown Point, Indiana

We have audited the accompanying statements of financial position of Northwest Indiana Community Action Corporation (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Northwest Indiana Community Action Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Indiana Community Action Corporation as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2008, on our consideration of Northwest Indiana Community Action Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Northwest Indiana Community Action Corporation taken as a whole. The accompanying schedule of expenditures of federal awards, Schedule A, which includes the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and schedule of expenses, Schedule B, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wipfli LLP

Wipfli LLP

July 15, 2008
Madison, Wisconsin

Northwest Indiana Community Action Corporation

Statements of Financial Position

December 31, 2007 and 2006

<i>Assets</i>	2007	2006
Current assets:		
Cash	\$ 1,195,454	\$ 1,343,579
Grants receivable	3,648,660	4,139,462
Prepaid expenses	121,616	90,348
Total current assets	4,965,730	5,573,389
Property and equipment, net	941,998	753,415
TOTAL ASSETS	\$ 5,907,728	\$ 6,326,804
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Current portion of note payable	\$ 50,570	\$ 54,390
Accounts payable	3,988,111	4,117,909
Accrued payroll and related expenses	224,371	142,735
Due to Indiana Family and Social Services Administration	0	200,000
Grant funds received in advance	316,248	486,696
Total current liabilities	4,579,300	5,001,730
Long-term liabilities:		
Note payable	0	50,505
Total long-term liabilities	0	50,505
Total liabilities	4,579,300	5,052,235
Unrestricted net assets	1,328,428	1,274,569
TOTAL LIABILITIES AND NET ASSETS	\$ 5,907,728	\$ 6,326,804

See accompanying notes to financial statements.

Northwest Indiana Community Action Corporation

Statements of Activities

Years Ended December 31, 2007 and 2006

	2007	2006
Revenue:		
Grant revenue	\$ 23,993,769	\$ 21,504,155
Other income	701,606	616,317
Total revenue	24,695,375	22,120,472
Expenses:		
Program activities:		
Community services	5,346,674	3,117,796
Elderly services	6,928,936	8,165,387
Energy services	9,903,271	8,810,718
Transportation services	1,399,273	1,459,317
Total program activities	23,578,154	21,553,218
Management and general	1,063,362	851,341
Total expenses	24,641,516	22,404,559
Changes in unrestricted net assets	53,859	(284,087)
Unrestricted net assets - Beginning	1,274,569	1,558,656
Unrestricted net assets - Ending	\$ 1,328,428	\$ 1,274,569

Northwest Indiana Community Action Corporation

Statements of Cash Flows

Years Ended December 31, 2007 and 2006

	2007	2006
Increase (decrease) in cash:		
Cash flows from operating activities:		
Changes in net assets	\$ 53,859	(\$ 284,087)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	197,516	245,440
Gain on disposal of equipment	(5,226)	0
Changes in operating assets and liabilities:		
Grants receivable	490,802	1,477,063
Prepaid expenses	(31,268)	(22,864)
Accounts payable	(129,798)	(1,116,672)
Other accrued liabilities	(200,000)	0
Accrued payroll and related expenses	81,636	23,655
Grant funds received in advance	(170,448)	240,722
Net cash provided by operating activities	287,073	563,257
Cash flows from investing activities:		
Proceeds on disposal of equipment	9,200	0
Purchase of property and equipment	(390,073)	0
Net cash used in investing activities	(380,873)	0
Cash flows from financing activities:		
Principal payments on note payable	(54,325)	(50,082)
Net cash used in financing activities	(54,325)	(50,082)
Change in cash	(148,125)	513,175
Cash - Beginning	1,343,579	830,404
Cash - Ending	\$ 1,195,454	\$ 1,343,579
Schedule of other cash activity:		
Interest paid and expensed	\$ 5,674	\$ 10,240

See accompanying notes to financial statements.

Northwest Indiana Community Action Corporation

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Nature of Operations

Northwest Indiana Community Action Corporation (NWICAC) is a designated area agency on aging and community action agency that was incorporated in 1965. NWICAC's objective is the enhancement of the quality of life for individuals in need throughout northwest Indiana. This objective is accomplished by providing a wide array of services focused on three principal program areas: Community Services, Elderly Services, and Transportation Services. NWICAC is primarily supported through grants funded by the State of Indiana, of which approximately 42% of total revenue is received from the Low-Income Home Energy Assistance grant funded by the Indiana Housing and Community Development Authority.

A basic description of the programs is as follows:

Community Services - Provides assistance to income-eligible persons in ameliorating the causes and consequences of poverty. Primary areas of support include: energy and weatherization assistance, Section 8 housing, asset building, information and referral, and other services to the residents of the six-county area located in northwest Indiana. Funding for these services is principally received from the Indiana Housing and Community Development Authority (IHCDA), which serves as a pass-through grantor of federal funds received from the U.S. Department of Health and Human Services (DHHS) and the U.S. Department of Energy (DOE).

Elderly Services - Provides help to older and disabled persons to secure and maintain maximum independence and dignity in a home environment, remove barriers to independence for older persons, provide information and referral, and provide continuing care for vulnerable elderly and disabled persons. Funding for these programs is received principally from Indiana Family and Social Services Administration (IFSSA), which serves as a pass-through grantor of funds received from DHHS.

Transportation Services - Provides transportation services to the two counties. Funding for these activities is received through the Indiana Department of Transportation and the Northern Indiana Regional Planning Commission (NIRPC), which serve as pass-through grantors.

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting in accordance with 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 NWICAC 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.

Northwest Indiana Community Action Corporation

Notes to Financial Statements

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

Classification of Net Assets (Continued)

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of NWICAC and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statements of activities as net assets released from restriction. If the restriction is satisfied in the year of contribution, the net asset is recorded as unrestricted. Currently, NWICAC does not have any temporarily restricted net assets.

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

Revenue Recognition

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

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

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 expenses are incurred. Amounts received in excess of expenses are 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.

Northwest Indiana Community Action Corporation

Notes to Financial Statements

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

Property and Equipment

Property and equipment are capitalized at cost and depreciated over their estimated useful lives using either the straight-line or accelerated methods. NWICAC considers property and equipment to be items with a cost of \$5,000 or more and a useful life of over one year.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, NWICAC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Certain vehicles are purchased by NWICAC through Northern Indiana Regional Planning Commission (NIRPC). NWICAC is required to pay 20% of the cost of the vehicle at the time of acquisition and leases the vehicles from NIRPC for \$1 per year. NWICAC records the entire cost of the leased vehicles as an addition to property and equipment and depreciates them over their useful lives, generally four years. The portion of the cost representing Federal Transit Administration (FTA) funds is recorded as a donation. NIRPC retains a reversionary interest in the vehicle. The net book value of these vehicles is \$263,445 at December 31, 2007.

Use of Estimates

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

In-Kind Contributions

Accounting principles generally accepted in the United States require in-kind contributions for space and professional services to be recorded in the statements of activities as revenue and expenses in the period they are received. During the years ended December 31, 2007 and 2006, NWICAC received no such contributions for its programs; however, NWICAC received contributions of nonprofessional volunteer services during the years ended December 31, 2007 and 2006, with a fair value of \$345,559 and \$391,898, respectively, to fulfill match requirements. These amounts are not recognized as in-kind revenue and expense, as they do not qualify for recording under accounting principles generally accepted in the United States.

Northwest Indiana Community Action Corporation

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Income Taxes

NWICAC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. NWICAC is also exempt from Indiana income taxes.

Expense Allocation

Indirect costs, those costs not specifically attributable to any program, consisting of management and general and common costs are allocated to programs based on actual program costs in relation to total organization costs.

Note 2 Concentration of Risk

NWICAC maintains cash balances at one bank. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Bank balances in excess FDIC at December 31, 2007, are \$1,225,174.

Note 3 Grants Receivable

The grants receivable balance at December 31 represents amounts due from the various funding sources as follows:

	2007	2006
Federal programs	\$ 3,472,328	\$ 3,643,611
State and other programs	151,850	495,851
Other receivables	24,482	0
Totals	\$ 3,648,660	\$ 4,139,462

Note 4 Property and Equipment

NWICAC's property and equipment as of December 31 is as follows:

	2007	2006
Land	\$ 70,992	\$ 70,992
Buildings and improvements	668,436	668,436
Furnishings and equipment	168,299	153,226
Computer equipment	486,649	111,649
Vehicles	1,051,888	1,076,254
	2,446,264	2,080,557
Accumulated depreciation	(1,504,266)	(1,327,142)
Property and equipment, net	\$ 941,998	\$ 753,415

Northwest Indiana Community Action Corporation

Notes to Financial Statements

Note 5 Note Payable

The note payable has a fixed interest rate of 7% and monthly payments of \$5,000, including principal and interest. The note payable matures in November 2008 and is secured by real estate. The note payable balance at December 31 is as follows:

	2007	2006
Note payable:		
Current	\$ 50,570	\$ 54,390
Long-term	0	50,505
Total note payable	\$ 50,570	\$ 104,895

Note 6 Operating Leases

NWICAC has several cancelable and noncancelable operating leases for space, vehicles, and office equipment. The lease agreement for the main administrative building contains four renewal options for a total of 12 additional years. Rental expense for these leases totaled \$161,600 and \$121,669 for the years ended December 31, 2007 and 2006, respectively.

Minimum annual rental payments required under the operating leases, which have remaining terms in excess of one year as of December 31, 2007, are as follows:

2008	\$ 186,816
2009	182,324
2010	90,105
Total	\$ 459,245

Note 7 Employee Benefits

NWICAC maintains a 401(k) defined contribution plan for the benefit of NWICAC employees. NWICAC's contribution consists of a matching contribution of the lessor of the employee's contribution up to 4% of the employee's wages. NWICAC's contribution to the plan was \$66,539 and \$58,922 for the years ended December 31, 2007 and 2006, respectively.

Note 8 Due to IFSSA

In 2001, IFSSA issued its reports on their review for contract period 1999. The review resulted in total questioned costs of \$406,772. NWICAC appealed the findings and questioned costs. IFSSA agreed to reduce the questioned costs to \$200,000. Since it was probable that NWICAC would have to repay the disallowed costs and the amount could be determined, a contingent liability was accrued as of December 31, 2000, in the amount of \$200,000. In 2007, NWICAC paid \$207,889 to IFSSA to satisfy this liability.

Northwest Indiana Community Action Corporation

Notes to Financial Statements

Note 9 **Grant Awards**

At December 31, 2007, NWICAC had received future funding commitments under various grants of approximately \$13,000,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Additional Information

Northwest Indiana Community Action Corporation

Schedule A

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-Through the Indiana Housing & Community Development Authority			
HOME Investment Partnership Program	14.239	OR-006-018	<u>\$ 168,225</u>
Section 8 Housing Choice Vouchers	14.856	SH-006-009	<u>3,884,307</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed-Through Northwest Indiana Regional Planning Commission			
Federal Transit, Formula Grants	20.507	IN-90-X467 IN-90-X547	<u>223,538</u>
U.S. DEPARTMENT OF ENERGY			
Passed-Through the Indiana Housing & Community Development Authority			
Weatherization Assistance for Low-Income Persons	81.042	WX-006-018-01 WX-007-018-01	<u>394,458</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-Through the Indiana Family and Social Services Administration			
Special Programs for the Aging - Title VII, Chapter 2, Long-Term Care Ombudsman Services for Older Individuals	93.042	45-06-0V-1511 45-08-0V-1511	<u>17,859</u>
Special Programs for the Aging - Title III, Part D, Disease Prevention and Health Promotion Services	93.043	45-06-0V-1511 45-08-0V-1511	<u>84,132</u>
Special Programs for the Aging - Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	45-06-0V-1511 45-08-0V-1511	<u>840,578</u>
Special Programs for the Aging - Title III, Part C, Nutrition Services	93.045	45-06-0V-1511 45-08-0V-1511	<u>1,403,887</u>
National Family Caregiver Support	93.052	45-06-0V-1511 45-08-0V-1511	<u>48,036</u>
Nutrition Services Incentive	93.053	45-06-0V-1511 45-08-0V-1511	<u>205,408</u>
Passed-Through the Indiana Housing & Community Development Authority			
Low-Income Home Energy Assistance	93.568	WL-007-018-01 WL-008-018-01 LI-007-018-01 LI-008-018-01	<u>10,354,797</u>
Community Services Block Grant	93.569	CS-007-018-01 45-06-0V-1511	<u>1,097,417</u>
Social Services Block Grant	93.667	45-08-0V-1511	<u>775,936</u>
Medical Assistance Program	93.778	45-06-0V-1511 45-08-0V-1511	<u>306,301</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 19,804,879</u></u>

Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - This schedule includes the federal grant activity of Northwest Indiana Community Action Corporation 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.

NOTE 2 - Federal CFDA Numbers 93.044, 93.045, and 93.053 represent a cluster program as defined by OMB Circular A-133.

See Independent Auditor's Report.

Northwest Indiana Community Action Corporation

Schedule B

Schedule of Expenses

Years Ended December 31, 2007 and 2006

	2007	2006
Salaries	\$ 3,252,882	\$ 3,036,541
Fringe benefits	1,032,989	855,186
Professional fees and contract service payments	94,554	171,677
Specific assistance to individuals	18,367,132	16,719,677
Supplies	206,891	176,634
Telephone	94,606	70,230
Insurance	116,415	140,077
Occupancy	188,805	62,093
Travel	116,881	44,063
Leases and rentals	53,490	97,556
Vehicle repairs, maintenance, and operations	453,682	421,296
Dues and registration	37,231	31,123
Board meetings	2,353	2,585
Postage	26,633	20,600
Printing	21,803	14,871
Employee development	48,078	24,699
Program equipment and repairs	176,503	152,017
Miscellaneous	147,398	107,954
Interest expense	5,674	10,240
Depreciation	197,516	245,440
Total expenses	\$ 24,641,516	\$ 22,404,559



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

Board of Directors
Northwest Indiana Community Action Corporation
Crown Point, Indiana

We have audited the financial statements of Northwest Indiana Community Action Corporation (a nonprofit organization) as of and for the year ended December 31, 2007, and have issued our report thereon dated July 15, 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 Northwest Indiana Community Action Corporation'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 Northwest Indiana Community Action Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northwest Indiana Community Action Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northwest Indiana Community Action Corporation'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 the Board of Directors, management, others within Northwest Indiana Community Action Corporation, 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 UP

Wipfli LLP

July 15, 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
Northwest Indiana Community Action Corporation
Crown Point, Indiana

Compliance

We have audited the compliance of Northwest Indiana Community Action Corporation (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. Northwest Indiana Community Action Corporation'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 Northwest Indiana Community Action Corporation's management. Our responsibility is to express an opinion on Northwest Indiana Community Action Corporation'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 Northwest Indiana Community Action Corporation'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 Northwest Indiana Community Action Corporation's compliance with those requirements.

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

Internal Control Over Compliance

The management of Northwest Indiana Community Action Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Northwest Indiana Community Action Corporation'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 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 Northwest Indiana Community Action Corporation's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within Northwest Indiana Community Action Corporation, 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 WP

Wipfli LLP

July 15, 2008
Madison, Wisconsin

Northwest Indiana Community Action Corporation

Schedule of Findings and Questioned Costs

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Northwest Indiana Community Action Corporation.
2. No significant deficiencies relating to the audit of the financial statements reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Northwest Indiana Community Action Corporation were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal award programs as reported in the 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.
5. The auditor's report on compliance for the major federal award programs for Northwest Indiana Community Action Corporation expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Northwest Indiana Community Action Corporation.
7. The programs tested as major programs were the U.S. Department of Housing and Urban Development, CFDA #14.856, and the U.S. Department of Health and Human Services, Senior Cluster Program CFDA #93.044, #93.045, and #93.053.
8. The threshold for distinguishing Types A and B programs was \$594,146.
9. Northwest Indiana Community Action Corporation was determined to be a low-risk auditee.

B. Findings – Financial Statements Audit

Finding: None

C. Findings and Questioned Costs – Major Federal Award Program Audit

Questioned Costs: None

Finding: None