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June 23, 2009

Board of Directors  
South Central Community  
Action Program, Inc.  
1500 W. 15<sup>th</sup> St.  
Bloomington, IN 47404

We have reviewed the audit report prepared by Krueger & Associates, CPA's, LLC, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the South Central Community Action Program, Inc., as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

We call your attention to the finding in the report. Page 22 contains one comment.

STATE BOARD OF ACCOUNTS

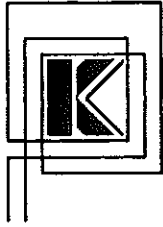
**SOUTH CENTRAL COMMUNITY  
ACTION PROGRAM, INC.  
Bloomington, Indiana**

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

SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.  
Bloomington, Indiana

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# Krueger & Associates, CPA's, LLC

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
South Central Community Action Program, Inc.  
Bloomington, Indiana

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

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

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of South Central Community Action Program, Inc. as of December 31, 2007 and 2006, and the results of its operations 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 11, 2008 on our consideration of South Central Community Action Program, 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 performed for the purpose of forming an opinion on the basic financial statements of South Central Community Action Program, Inc. taken as a whole. The accompanying schedule of program activity, page 15 and schedule of expenditures of federal, state awards and list of programs, page 17, which includes the requirements of U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Kemper & Associates, CPAs, LLC*

Certified Public Accountants

Jasper, IN  
July 11, 2008

**SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.**  
**Bloomington, Indiana**

EXHIBIT A

STATEMENTS OF FINANCIAL POSITION  
December 31, 2007 and 2006

ASSETS

	2007	2006
<b>Current Assets</b>		
Cash in bank	\$532,684	\$71,392
Grants receivable	438,949	906,863
Other receivables	394,707	6,428
Total current assets	1,366,340	984,683
<b>Long-term Assets</b>		
Mortgage receivable	46,620	48,300
Property and equipment - net	1,541,297	1,546,224
Other long-term assets	10,160	12,989
Total long-term assets	1,598,077	1,607,513
Total assets	\$2,964,417	\$2,592,196

LIABILITIES AND NET ASSETS

<b>Current Liabilities</b>		
Accounts payable	\$879,613	\$587,699
Accruals	150,029	175,812
Notes payable	0	12,500
Current portion of long-term debt	58,634	23,249
Total current liabilities	1,088,276	799,260
<b>Long-term liabilities</b>		
Long-term debt net of current portion	415,224	438,549
Bonds payable	313,225	385,860
Total liabilities	728,449	824,409
<b>Net Assets</b>		
Temporarily restricted	169,660	738,052
Permanently restricted	30,370	0
Unrestricted	947,662	230,475
Total Net Assets	1,147,692	968,527
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$2,964,417</b>	<b>\$2,592,196</b>

The accompanying notes are an integral part of the financial statements

**SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.**  
**Bloomington, Indiana**

EXHIBIT B

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and Revenue:</b>				
Current year awards	\$0	\$7,235,352	\$0	\$7,235,352
Program income	77,635	0	0	77,635
Interest income	12,415	0	0	12,415
Other income	548,692	0	0	548,692
Net assets released from restriction through satisfaction of program restrictions	7,773,374	(7,803,744)	30,370	0
Total Revenue	<u>8,412,116</u>	<u>(568,392)</u>	<u>30,370</u>	<u>7,874,094</u>
<b>Expenses:</b>				
Personnel	2,234,774	0	0	2,234,774
Occupancy	232,414	0	0	232,414
Contractual	230,893	0	0	230,893
Material and supplies	201,319	0	0	201,319
Equipment purchases and maintenance	190,656	0	0	190,656
Travel	89,492	0	0	89,492
Insurance	90,409	0	0	90,409
Interest	57,242	0	0	57,242
Client support	3,914,253	0	0	3,914,253
In-kind support	393,313	0	0	393,313
Other	60,164	0	0	60,164
Total Expenses	<u>7,694,929</u>	<u>0</u>	<u>0</u>	<u>7,694,929</u>
Increase (Decrease) in Net Assets	717,187	(568,392)	30,370	179,165
Net assets - Beginning of year	<u>230,475</u>	<u>738,052</u>	<u>0</u>	<u>968,527</u>
Net assets - End of year	<u>\$947,662</u>	<u>\$169,660</u>	<u>\$30,370</u>	<u>\$1,147,692</u>

The accompanying notes are an integral part of the financial statements

**SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.**  
**Bloomington, Indiana**

EXHIBIT B

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2006**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue:</b>			
Current year awards	\$0	\$5,536,345	\$5,536,345
Program income	81,710	0	81,710
Interest income	3,403	0	3,403
Other income	619,440	0	619,440
Net assets released from restriction through satisfaction of program restrictions	<u>5,536,345</u>	<u>(5,536,345)</u>	<u>0</u>
Total Revenue	<u>6,240,898</u>	<u>0</u>	<u>6,240,898</u>
<b>Expenses:</b>			
Personnel	2,364,547	0	2,364,547
Occupancy	125,549	0	125,549
Contractual	78,368	0	78,368
Material and supplies	203,144	0	203,144
Equipment purchases and maintenance	72,228	0	72,228
Travel	75,511	0	75,511
Insurance	56,439	0	56,439
Interest	58,735	0	58,735
Client support	2,658,518	0	2,658,518
In-kind support	279,160	0	279,160
Other	380,479	0	380,479
Total Expenses	<u>6,352,678</u>	<u>0</u>	<u>6,352,678</u>
Increase (Decrease) in Net Assets	(111,780)	0	(111,780)
Net assets - Beginning of year	<u>342,255</u>	<u>738,052</u>	<u>1,080,307</u>
Net assets - End of year	<u>\$230,475</u>	<u>\$738,052</u>	<u>\$968,527</u>

The accompanying notes are an integral part of the financial statements

**SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.**  
**Bloomington, Indiana**

EXHIBIT C

STATEMENTS OF CASH FLOWS  
For the Years Ended December 31,

	<u>2007</u>	<u>2006</u>
<b><u>CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES:</u></b>		
Net increase (decrease) in net assets	\$179,165	(\$111,780)
Depreciation and amortization	111,433	92,815
(Increase) decrease in:		
Other receivables	(388,279)	11,367
Grants receivable	467,914	(503,672)
Increase (decrease) in:		
Accounts payable	291,914	290,750
Accruals	(25,783)	(63,494)
Net cash provided from(used for) operating activities:	<u>636,364</u>	<u>(284,014)</u>
<b><u>CASH PROVIDED FROM (USED FOR) INVESTING ACTIVITIES:</u></b>		
Mortgage receivable payments	1,680	5,525
Purchase of fixed assets	(103,677)	(39,220)
Proceeds from sale of assets	0	75,000
Gain on sale of assets	0	(41,730)
Unrealized gain on investments	0	(789)
Net cash provided by investing activities	<u>(101,997)</u>	<u>(1,214)</u>
<b><u>CASH PROVIDED FROM (USED FOR) FINANCING ACTIVITIES:</u></b>		
Loan proceeds	0	60,000
Payments on long-term debt	(73,075)	(173,362)
Net cash used in financing activities	<u>(73,075)</u>	<u>(113,362)</u>
Net increase (decrease) in Cash	461,292	(398,590)
Cash - Beginning of Year	<u>71,392</u>	<u>469,982</u>
Cash - End of Year	<u>\$532,684</u>	<u>\$71,392</u>
Cash paid for interest	<u>\$57,242</u>	<u>\$58,735</u>

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

SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.  
Notes to Financial Statements  
December 31, 2007 and 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

South Central Community Action Program, Inc. (the Agency), a nonprofit corporation, which was incorporated in 1965 receives federal and state funds in order 1) to provide the planning and development of programs that will intervene at critical points in the cause of poverty and will enable families and individuals to become more self-sufficient; 2) to provide continuing research related to the problems of poverty; and 3) to provide coordination for community efforts focused on poverty and community development. Among the programs that the Agency offers are: Energy Assistance, Weatherization, Housing, Community Services Block Grant, Headstart, and Self Sufficiency.

Basis of Presentation

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

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

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

Cash and Cash Equivalents

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

Concentration of Credit Risk

The Organization's cash is deposited with one financial institution. Cash accounts at banks are insured by the FDIC for up to \$100,000. Amounts in excess of insured limits were approximately \$598,027 and \$9,410 at December 31, 2007 and 2006, respectively.

Inventory

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

SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.  
Notes to Financial Statements  
December 31, 2007 and 2006

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

Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful life of the asset. South Central Community Action Program, Inc. considers items with a cost greater than \$5,000 and a useful life greater than one year to be property and equipment.

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

Use of Estimates

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

NOTE B - INCOME TAXES:

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

NOTE C - QUESTIONED COSTS:

There were no questioned costs for the year ended December 31, 2007.

NOTE D - GRANTS RECEIVABLE & ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES:

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

SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

December 31, 2007 and 2006

NOTE E - REVENUES:

In Kind Contributions

South Central Community Action Program, Inc. has recorded in kind contributions for professional services on the statement of activities in accordance with Financial Accounting Standards No. 116 (FAS 116), *Accounting for Contributions Received and Contributions Made*. FAS 116 requires that only contributions of services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of FAS 116 are different than the in kind requirements of South Central Community Action Program, Inc. grant awards. South Central Community Action Program, Inc. received contributions of nonprofessional volunteers during the years ended December 31, 2007 and 2006 with a value of \$102,171 and \$210,706, respectively, primarily for its Head Start program which are not recorded on the statement of activities.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to South Central Community Action Program, Inc. that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support.

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

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

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

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

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

SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.  
Notes to Financial Statements  
December 31, 2007 and 2006

NOTE E - REVENUES:(continued)

Interest Income

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

NOTE F - COST ALLOCATION:

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

Personnel

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

Supplies

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

Building

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

SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.  
Notes to Financial Statements  
December 31, 2007 and 2006

NOTE F - COST ALLOCATION: (continued)

Copy Costs

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

Insurance

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

Other Joint Costs

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

NOTE G - PROPERTY AND EQUIPMENT:

The Agency's property consist of the following:

	2007	2006
Land	\$ 39,918	\$ 39,918
Administrative Building	1,308,681	1,291,521
Rental Houses	1,162,739	1,162,739
Equipment/Vehicles	335,914	148,214
	2,847,252	2,642,392
Accumulated Depreciation	(1,305,955)	(1,096,169)
Net Book Value	\$1,541,297	\$1,546,223

Depreciation expense for the years ended December 31, 2007 and 2006 was \$108,604 and \$92,815, respectively.

NOTE H - CONTINGENCIES:

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

SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

December 31, 2007 and 2006

NOTE I - MORTGAGE RECEIVABLE:

In 2000, the Agency sold one of their rental houses to a client and financed the sale themselves. The mortgage is a thirty year mortgage and the interest rate is 0% per annum.

NOTE J - NOTES PAYABLE:

The Agency has a note payable with MIP Software. The balance of the note at December 31, 2007 and 2006 was \$0 and \$12,500, respectively.

NOTE K - BONDS PAYABLE:

On June 1, 1992, the Agency received \$1,120,000 from two series of bonds. The first issue consisted of \$850,000 of Series 1992 A Monroe County Economic Development Revenue Bonds, with an interest rate of 6.5% and a maturity date of May 1, 2013. The second issue consisted of \$270,000 of Series 1992 B Monroe County Economic Development Bonds with an interest rate of 6.5% and a maturity date of May 1, 2013. For the years ended December 31, 2007 and 2006, the interest expense of these bonds was \$24,253 and \$26,786, respectively and \$38,696 and \$36,116 of the bonds was retired, respectively.

The balances of the bonds outstanding as of December 31, 2007, are as follows:

	<u>Series A</u>	<u>Series B</u>	<u>Total</u>
Amount of Bonds Issued	\$850,000	\$270,000	\$1,120,000
Amount of Bonds Retired	<u>502,836</u>	<u>270,000</u>	<u>772,836</u>
Total	<u>\$347,164</u>	<u>\$ -</u>	<u>\$ 347,164</u>

The principal amortization of the bonds are as follows:

2008	\$ 33,939
2009	33,939
2010	33,939
2011	33,939
2012	33,939
Thereafter	<u>177,469</u>
Total	<u>\$347,164</u>

SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

December 31, 2007 and 2006

NOTE L - FUNCTIONAL CLASSIFICATION OF EXPENSES:

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

	<u>2007</u>	<u>2006</u>
Program activity:		
Child care and education	\$2,363,237	\$2,232,933
Weatherization	438,497	522,925
Housing programs	1,768,029	986,048
Energy assistance	2,351,916	1,968,272
Other programs	<u>632,220</u>	<u>392,642</u>
Total program activities	7,553,899	6,102,820
Support services:		
Management and general	<u>38,859</u>	<u>249,858</u>
Total expenses	<u>\$7,592,758</u>	<u>\$6,352,678</u>

NOTE M - LONG-TERM LIABILITIES:

At December 31, the Agency's loans payable consisted of the following:

	<u>2007</u>	<u>2006</u>
5.50% note payable to Irwin Union Bank, payable in monthly installments of \$241, maturing in October 2027	\$ 35,138	\$ 36,037
6.75% note payable to Owen County Bank, payable in monthly installments of \$171, Maturing in May 2028	18,786	19,392
6.125% note payable to Owen County Bank payable in monthly installments of \$1,932, maturing in July 2019	172,935	185,062
6.75% note payable to Owen County Bank, payable in monthly installments of \$312, maturing in January 2029	35,697	36,906
6.75% note payable to Owen County Bank, payable in monthly installments of \$167, maturing in May 2028	18,344	18,938
6.75% note payable to Owen County Bank, payable in monthly installments of \$223, maturing in March 2028	22,941	23,979
6.75% note payable to Owen County Bank, payable in monthly installments of \$207, maturing in February 2028	21,243	22,256

SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements  
December 31, 2007 and 2006

NOTE M - LONG-TERM LIABILITIES: (continued)

	<u>2007</u>	<u>2006</u>
6.75% note payable to Owen County Bank, payable in monthly installments of \$379, maturing in December 2027	36,389	38,363
6.75% note payable to Owen County Bank, payable in monthly installments of \$199, maturing in January 2028	20,346	21,323
7.65% note payable to Monroe Bank, payable in monthly installments of \$493 Maturing in July 2026	<u>58,099</u>	<u>59,542</u>
	439,918	461,798
Less: Current portion of long-term debt	<u>24,694</u>	<u>23,249</u>
	<u>\$415,224</u>	<u>\$438,549</u>

The current maturities for the next five years are as follows:

2008	\$ 24,694
2009	26,319
2010	28,051
2011	29,898
2012	31,867
2013 and thereafter	<u>299,089</u>
	<u>\$ 439,918</u>

NOTE N - THIRD PARTY REIMBURSEMENTS:

South Central Community Action Program, Inc. receives reimbursements from the Department of Health and Human Services, IHCDA and the State of Indiana Family and Social Services Administration. The Agency must submit claims to these parties for approval and payment. South Central Community Action Program, Inc. depends significantly on these third parties to carry out their program services.

**SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.**  
Bloomington, Indiana

**SCHEDULE OF PROGRAM ACTIVITY**

For the Years Ended December 31, 2007 and 2006

	C.S.B.G.	Program Services										Subtotal	GAAP Adjustments	2007 Total	2006 Total	
		Energy Assistance	D.O.E. WX	LIHEAP Weatherization	SWEEP Weatherization	Head Start	Self-Sufficiency	Section 8	Housing & Other	Management and General						
<b>Revenue:</b>																
Current year awards	\$318,021	\$2,351,916	\$192,372	\$200,903	\$45,222	\$1,968,383	\$888	\$1,690,144	\$443,944	\$0	\$7,211,793	\$0	\$7,211,793	\$5,536,345		
Program income	0	0	0	0	0	0	0	122	101,073	0	101,195	0	101,195	81,710		
Interest income	0	0	0	0	0	0	0	0	12,415	12,415	12,415	0	12,415	3,403		
Other income	0	0	0	0	0	497,025	0	0	392	153,445	650,862	(102,171)	548,691	619,440		
<b>Total Revenue</b>	<b>318,021</b>	<b>2,351,916</b>	<b>192,372</b>	<b>200,903</b>	<b>45,222</b>	<b>2,465,408</b>	<b>888</b>	<b>1,690,266</b>	<b>545,409</b>	<b>165,860</b>	<b>7,976,285</b>	<b>(102,171)</b>	<b>7,874,094</b>	<b>6,240,898</b>		
<b>Expenses:</b>																
Personnel	150,757	277,500	65,141	54,900	23,686	1,435,029	0	108,282	117,980	1,496	2,234,771	0	2,234,771	2,364,547		
Occupancy	12,527	31,999	7,600	6,755	1,419	65,943	181	22,534	63,478	19,978	232,414	0	232,414	125,549		
Contractual	17,542	12,827	11,211	3,408	1,549	54,708	30	4,648	124,438	535	230,896	0	230,896	78,368		
Material and supplies	29,567	61,911	7,249	5,368	34	77,981	328	10,544	7,722	617	201,321	0	201,321	203,144		
Equipment purchases	32,723	4,585	2,747	1,713	96	168,344	306	2,076	65,150	(570)	277,170	(86,518)	190,652	72,228		
Travel	27,483	3,269	2,593	1,203	945	46,044	0	2,889	4,776	290	89,492	0	89,492	75,511		
Insurance	5,257	9,387	13,018	4,092	192	45,985	0	3,368	9,109	1	90,409	0	90,409	56,439		
Interest	24,253	0	0	0	0	0	0	0	32,879	110	57,242	0	57,242	58,735		
Client support	14,604	1,917,365	82,291	123,283	17,301	71,758	0	1,544,093	127,725	15,832	3,914,252	0	3,914,252	2,638,518		
In-kind support	0	0	0	0	0	495,484	0	0	0	0	495,484	(102,171)	393,313	279,160		
Other	3,308	33,073	522	181	0	4,132	43	(8,168)	(12,958)	40,034	60,167	0	60,167	390,479		
<b>Total expenses</b>	<b>318,021</b>	<b>2,351,916</b>	<b>192,372</b>	<b>200,903</b>	<b>45,222</b>	<b>2,465,408</b>	<b>888</b>	<b>1,690,266</b>	<b>540,299</b>	<b>78,323</b>	<b>7,883,618</b>	<b>(188,689)</b>	<b>7,694,929</b>	<b>6,352,678</b>		
<b>Change in net assets</b>																
Net assets - Beginning of year	0	0	0	0	0	0	0	0	5,110	87,537	92,647	86,518	179,165	(111,780)		
Prior period adjustment	0	0	0	0	0	0	0	0	66,065	902,462	968,527	0	968,527	1,080,307		
<b>Net Assets - End of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$71,175</b>	<b>\$889,999</b>	<b>\$1,061,174</b>	<b>\$86,518</b>	<b>\$1,147,692</b>	<b>\$988,527</b>		

The accompanying notes are an integral part of the financial statements

SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.  
 Bloomington, Indiana  
 Schedule of Findings and Questioned Costs  
 YEAR ENDED DECEMBER 31, 2007

**SECTION I--SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ yes       X  no  
 Reportable condition(s) identified  
 not considered to be material weakness(es)? \_\_\_\_\_ yes       X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes       X  no

Federal Awards

Internal Control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ yes       X  no  
 Reportable condition(s) identified  
 not considered to be material weakness(es)? \_\_\_\_\_ yes       X  none reported

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
92.568	LIHEAP

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

Auditee qualified as low-risk auditee?  X  yes      \_\_\_\_\_ no

**SECTION II--FINANCIAL STATEMENT FINDINGS**

No matters reported

**SECTION III--FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters reported

SOUTH CENTRAL COMMUNITY ACTION PROGRAM, INC.  
Bloomington, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

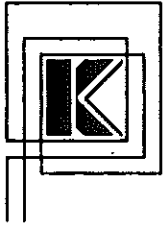
For the Year Ended December 31, 2007

<u>CFDA NUMBER</u>	<u>PROGRAM NAME</u>	<u>GRANTOR/ AGENCY</u>	<u>GRANT REVENUE</u>	<u>EXPENDITURES</u>
92.568	LIHEAP	IHCDA	\$200,903	\$200,903
92.568	EAP	IHCDA	2,351,916	2,351,916
92.568	SWEEP	IHCDA	45,222	45,222
	Total Major Program Federal Assistance		2,598,041	2,598,041
93.569	Community Services Block Grant	IHCDA	318,021	318,021
93.600	Head Start	U.S. Department of Health & Human Services	2,465,408	2,465,408
14.855	Housing Service Section 8	IHCDA	1,843,559	1,843,559
81.042	DOE Weatherization	Department of Energy	192,372	192,372
11.470	Individual Development Accounts	IHCDA	888	888
	Total Non-major Program Federal Assistance		4,820,248	4,820,248
	Total Federal Assistance		\$7,418,289	\$7,418,289

See accountants' report on schedule of expenditures of federal awards

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of South Central Community Action Program, 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.



# Krueger & Associates, CPA's, LLC

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

To the Board of Directors of  
South Central Community Action Program, Inc.

We have audited the financial statements of South Central Community Action Program, Inc. (a nonprofit organization) as of and for the year ended December 31, 2007 and have issued our report thereon dated July 11, 2008. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

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

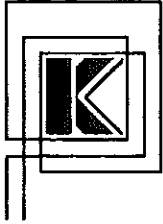
### Internal Control Over Financial Reporting

In planning and performing our audit, we considered South Central Community Action Program, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

*Kemper & Associates, CPAs, LLC*  
Certified Public Accountants

Jasper, IN  
July 11, 2008



# Krueger & Associates, CPA's, LLC

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

To the Board of Directors of  
South Central Community Action Program, Inc.

### Compliance

We have audited the compliance of South Central Community Action Program, 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 December 31, 2007. South Central Community Action Program, 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 South Central Community Action Program, Inc.'s management. Our responsibility is to express an opinion on South Central Community Action Program, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Central Community Action Program, 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 of South Central Community Action Program, Inc.'s compliance with those requirements.

In our opinion, South Central Community Action Program, 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 December 31, 2007.

## Internal Control Over Compliance

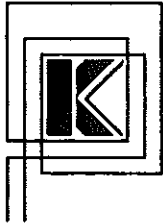
The management of South Central Community Action Program, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered South Central Community Action Program, 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 internal control over compliance in accordance with OMB Circular A-133.

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

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

  
Certified Public Accountants

Jasper, IN  
July 11, 2008



# Krueger & Associates, CPA's, LLC

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## MANAGEMENT LETTER

To the Senior Management and  
The Board of Directors of  
South Central Community Action Program, Inc.

In planning and performing our audit of the financial statements of South Central Community Action Program, Inc. for the year ended December 31, 2007, we considered the Agency's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

We have reviewed the status of comments made during the previous engagement. The Agency has reported to these comments and has followed up on the recommendations.

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

### **Organizational Structure**

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

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

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

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

Jasper, IN  
July 11, 2008