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February 10, 2010

Board of Directors
Interlocal Community
Action Program, Inc.
615 W. State Rd. 38
P.O. Box 449
New Castle, IN 47362

We have reviewed the audit report prepared by Krueger & Associates, CPAs, LLC, Independent Public Accountants, for the period January 1, 2008 to December 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 Interlocal Community Action Program, Inc., as of December 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.

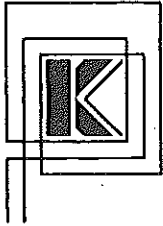
STATE BOARD OF ACCOUNTS

**INTERLOCAL COMMUNITY
ACTION PROGRAM, INC.
New Castle, Indiana**

**FINANCIAL STATEMENTS
For the Years Ended
December 31, 2008 and 2007**

INTERLOCAL COMMUNITY ACTION PROGRAM, INC.
New Castle, Indiana

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
AUDITORS' REPORT.....	1 - 2
EXHIBIT A STATEMENTS OF FINANCIAL POSITION.....	3
EXHIBIT B STATEMENTS OF ACTIVITIES.....	4 - 5
EXHIBIT C STATEMENTS OF CASH FLOWS.....	6
NOTES TO FINANCIAL STATEMENTS.....	7 - 13
SCHEDULE OF PROGRAM ACTIVITY.....	14
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	15
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	16
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	17 - 18
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	19 - 20



Krueger & Associates, CPA's, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Interlocal Community Action Program, Inc.
New Castle, Indiana

We have audited the accompanying statements of financial position of Interlocal Community Action Program, Inc. (a nonprofit organization) as of December 31, 2008 and 2007 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 above present fairly, in all material respects, the financial position of Interlocal Community Action Program, Inc. as of December 31, 2008 and 2007, 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 of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2009, our consideration of Interlocal 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. 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 Interlocal Community Action Program, Inc. taken as a whole. The schedule of program activity is presented for purposes of additional analysis and is not a required part of the financial statements of Interlocal Community Action Program, Inc. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and is also not a required part of the financial statements of Interlocal Community Action Program, Inc. 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, Department of Energy, Corporation for National Service, Department of Homeland Security, Indiana Housing and Community Development Authority, Indiana State Department of Health, Indiana Department of Education and Indiana State Board of Accounts, and should not be used for any other purpose.

Kennedy & Associates, CPAs, LLC
Certified Public Accountants

Jasper, IN
July 24, 2009

INTERLOCAL COMMUNITY ACTION PROGRAM, INC
New Castle, Indiana

EXHIBIT A

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31	
	2008	2007
Current Assets		
Cash	\$659,826	\$406,420
Grants receivable	432,575	457,430
Other receivables	98,009	154
Inventory (Note B)	11,609	11,246
Prepaid expenses	19,085	17,965
Total Current Assets	1,221,104	893,215
Long-term Assets		
Loan receivable (Note C)	360,000	360,000
Property (Note E)	373,797	393,459
Total Long-term Assets	733,797	753,459
TOTAL ASSETS	\$1,954,901	\$1,646,674

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$361,767	\$123,912
Accruals	100,295	65,617
Total Current Liabilities	462,062	189,529
Net Assets		
Unrestricted	1,026,971	984,672
Temporarily restricted	465,868	472,473
Total Net Assets	1,492,839	1,457,145
TOTAL LIABILITIES AND NET ASSETS	\$1,954,901	\$1,646,674

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

INTERLOCAL COMMUNITY ACTION PROGRAM, INC
New Castle, Indiana

EXHIBIT B

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Total
Revenue			
Grant revenue:			
Current year awards	\$0	\$5,592,078	\$5,592,078
Net Grant Revenue	0	5,592,078	5,592,078
Interest income	5,398	0	5,398
Other income	150,132	0	150,132
Donations	412,054	0	412,054
Net assets released from restriction through satisfaction of program restrictions	5,598,683	(5,598,683)	0
Total Revenue	6,166,267	(6,605)	6,159,662
Expenses			
Personnel	2,100,227	0	2,100,227
Occupancy	189,537	0	189,537
Telephone and postage	47,537	0	47,537
Contractual	84,456	0	84,456
Materials and supplies	109,842	0	109,842
Equipment purchases/maintenance	(267)	0	(267)
Travel	101,918	0	101,918
Insurance	49,141	0	49,141
Employee development	66,901	0	66,901
Client assistance	2,517,778	0	2,517,778
Stipends	157,882	0	157,882
Other	257,473	0	257,473
In-Kind expenses	412,054	0	412,054
Printing	29,489	0	29,489
Total Expenses	6,123,968	0	6,123,968
(Decrease) Increase in Net Assets	42,299	(6,605)	35,694
Net assets - Beginning of year	984,672	472,473	1,457,145
Net assets - End of year	\$1,026,971	\$465,868	\$1,492,839

The accompanying notes are an integral part of the financial statements

INTERLOCAL COMMUNITY ACTION PROGRAM, INC
New Castle, Indiana

EXHIBIT B

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

	Unrestricted	Temporarily Restricted	Total
Revenue			
Grant revenue:			
Current year awards	\$0	\$4,850,641	\$4,850,641
Net Grant Revenue	0	4,850,641	4,850,641
Interest income	15,652	0	15,652
Other income	173,969	0	173,969
Donations	290,917	0	290,917
Net assets released from restriction through satisfaction of program restrictions	4,778,786	(4,778,786)	0
Total Revenue	5,259,324	71,855	5,331,179
Expenses			
Personnel	2,084,171	0	2,084,171
Occupancy	187,642	0	187,642
Telephone and postage	46,836	0	46,836
Contractual	68,310	0	68,310
Materials and supplies	139,642	0	139,642
Equipment purchases/maintenance	10,899	0	10,899
Travel	102,233	0	102,233
Insurance	48,762	0	48,762
Employee development	49,918	0	49,918
Client assistance	1,864,377	0	1,864,377
Stipends	160,007	0	160,007
Other	181,416	0	181,416
In-Kind expenses	293,401	0	293,401
Printing	24,490	0	24,490
Total Expenses	5,262,104	0	5,262,104
 (Decrease) Increase in Net Assets	 (2,780)	 71,855	 69,075
Net assets - Beginning of year	987,452	400,618	1,388,070
 Net assets - End of year	 \$984,672	 \$472,473	 \$1,457,145

The accompanying notes are an integral part of the financial statements

INTERLOCAL COMMUNITY ACTION PROGRAM, INC
New Castle, Indiana

EXHIBIT C

STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2008	2007
Cash Flows from Operation Activities:		
Increase (decrease) in net assets	\$35,694	\$69,075
Depreciation	51,680	49,133
Loss on sale of property	0	5,405
Adjustments to reconcile increase in net assets to net cash provided by operating activities-		
(Increase) decrease in:		
Grants receivable	24,855	549,343
Accounts receivable	(97,855)	486
Inventory	(363)	(989)
Prepaid expenses	(1,120)	(1,772)
Increase (decrease) in:		
Accounts payable	237,855	(587,411)
Accruals	34,678	(3,391)
Net Cash Provided from Operating Activities	285,424	79,879
Cash Flows provided from (used for) Investing Activities:		
Purchase of property and equipment	(32,018)	(30,975)
Proceeds from sale of property	0	24,595
Net Cash used for Investing Activities	(32,018)	(6,380)
Cash Flows from Financing Activities:		
Payments of long term debt	0	(1,262)
Net Cash used for Financing Activities	0	(1,262)
Net Increase in Cash	253,406	72,237
Cash - Beginning of Year	406,420	334,183
CASH - END OF YEAR	\$659,826	\$406,420
Supplemental Disclosures:		
Cash paid for:		
Interest	\$0	\$0

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

**INTERLOCAL COMMUNITY ACTION PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Program Services

Interlocal Community Action Program, Inc. (the Agency) 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, Transportation, Retired Senior Volunteer, Foster Grandparents, Headstart, Fema Assistance and Step Ahead.

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.

Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful life of the asset. Interlocal 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. It's disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations.

INTERLOCAL COMMUNITY ACTION PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Income Taxes

Interlocal Community Action Program, Inc. is exempt from Federal and State income taxes under Section 501 (c)(3) of the Internal Revenue Code. In addition, the Agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code. Therefore, no Federal or State income tax provision or liability is included in these financial statements.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Agency considers all highly liquid debt instruments purchased with a maturity of one year or less to be cash equivalents.

Concentration of Credit Risk

The Agency's cash is deposited at various financial institutions. Cash accounts at banks are insured by the FDIC for up to \$250,000 and \$100,000 in 2008 and 2007, respectively. Amounts in excess of insured limits were approximately \$427,132 and \$631,674 at December 31, 2008 and 2007, respectively.

In December 2005, a sweep account was setup at the Agency's bank. Each night cash in excess of the FDIC insured amount is swept from the bank account and placed in various investments. The funds are redeposited in the Agency's bank account as needed.

NOTE B - INVENTORY

The Agency's inventory as of December 31, 2008 and 2007 consisted of the materials on hand from their weatherization programs. The inventory is recorded at cost. Cost is calculated using the first-in, first-out method.

**INTERLOCAL COMMUNITY ACTION PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE C - NOTE RECEIVABLE

Interlocal Community Action Program, Inc. is a 1% partner in Rose Court Limited Partnership. As of December 31, 2008 and 2007 Rose Court Limited Partnership owes Interlocal Community Action Program, Inc. \$360,000 in loans.

NOTE D - DONATED BUILDING

In April 1989 a corporation donated its former office and manufacturing facilities located in New Castle to Interlocal Community Action Program, Inc. The title to the property was transferred to the Agency under the provisions that the Agency will be responsible for costs to renovate the building for their use and for future operating costs. The building has an appraised value of \$500,000 and is reflected in these financial statements.

NOTE E - PROPERTY

The Agency's property consist of the following:

	2008	2007
Transportation equipment	\$616,327	\$584,309
Building	473,825	473,825
Land	50,000	50,000
Accumulated depreciation	(766,355)	(714,675)
Total	\$373,797	\$393,459

NOTE F - REVENUES

In Kind Contributions

Interlocal 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 Interlocal Community Action Program, Inc. grant awards. Interlocal Community Action Program, Inc. received contributions of nonprofessional volunteers during the years ended December 31, 2008 and 2007 with a value \$123,641 and \$134,846, respectively, primarily for its Head Start program which are not recorded on the statement of activities.

INTERLOCAL COMMUNITY ACTION PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE F - REVENUES (Continued)

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to Interlocal Community Action Program, Inc. that is, in substance, unconditional. Contributions received are recorded as unstricted, 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.

Interest Income

Interest income is recognized in the accounting period when it is earned. Interlocal 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 Interlocal 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.

INTERLOCAL COMMUNITY ACTION PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE G - 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 direct labor charges to programs.

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's allocated based upon the allocation of the administrative staff's time.

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.

**INTERLOCAL COMMUNITY ACTION PROGRAM, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2008**

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.

NOTE I - THIRD PARTY REIMBURSEMENTS

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

NOTE J - GRANTS RECEIVABLE

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

	2008	2007
Federal Programs	\$ 396,092	\$ 392,295
State Programs	36,483	65,135
	\$ 432,575	\$ 457,430

Since the majority of receivables are due from government sources, the amount deemed uncollectible is nil. Therefore, no allowance for uncollectible is considered necessary.

NOTE K - FUNCTIONAL CLASSIFICATION OF EXPENSES

The following program and supporting services are reflected in the statement of activities for the year ended December 31, 2008 and 2007:

	2008	2007
Program activity:		
Child care and education	\$2,214,189	\$1,839,806
Weatherization	347,529	328,863
Energy assistance	1,535,288	1,112,543
Other programs	1,946,456	1,844,366
Total program activities	6,043,462	5,125,578
Support services:		
Management and general	68,158	136,526
Total expenses	\$6,111,620	\$5,262,104

INTERLOCAL COMMUNITY ACTION PROGRAM, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2008

NOTE L - EMPLOYEE BENEFIT PLANS:

Interlocal Community Action Program, Inc. maintains a 401(k) Plan for employees with one quarter of a year of full time (at least 30 hours per week) service. Employees can generally defer a portion of their gross salary into the plan, not to exceed \$15,500 for 2008 and \$15,500 for 2007. The employer made no contributions to the plan for the years ended December 31, 2008 and 2007.

INTERLOCAL COMMUNITY ACTION PROGRAM, INC.
New Castle, Indiana

SUPPLEMENTARY INFORMATION

INTERLOCAL COMMUNITY ACTION PROGRAM, INC.
 Schedule of Findings and Questioned Costs
 YEAR ENDED DECEMBER 31, 2008

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>
93.600	Head Start

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

PRIOR YEAR FINDINGS
 No matters reported

CURRENT YEAR FINDINGS
 No matters reported

SECTION III--FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported

INTERLOCAL COMMUNITY ACTION PROGRAM, INC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

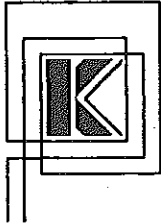
For the Year Ended December 31, 2008

<u>CFDA NUMBER</u>	<u>PROGRAM NAME</u>	<u>GRANTOR/ AGENCY</u>	<u>GRANT REVENUE</u>	<u>EXPENDITURES</u>
93.600	Headstart	U.S. Department of Health and Human Services	2,076,469	2,076,469
	Total Major Program Federal Assistance		2,076,469	2,076,469
93.596	CCDF	IHCDA	110,178	110,178
93.569	Community Services Block Grant	IHCDA	165,573	165,573
94.011	Foster Grandparents	Corporation for National Service	289,335	289,335
93.994	Mother Child Health	Indiana State Board of Health	82,557	82,557
81.042	Weatherization	Department of Energy	186,125	186,125
94.002	RSVP	Corporation for National Service	56,257	56,257
93.568	LIHEAP	IHCDA	144,787	144,787
93.568	Energy Assistance Program	IHCDA	1,534,707	1,534,707
93.568	SWEEP	IHCDA	32,459	32,459
	Total for CFDA # 93.568		1,711,953	1,711,953
93.994	Child & Adult Care Food Program	Indiana Department of Education	141,470	141,470
14.871	Section 8 Housing	IHCDA	756,321	756,321
10.557	Women, Infants & Children	Indiana State Board of Health	150,175	150,175
83.523	FEMA	Emergency Food and Shelter National Board	19,521	19,521
	Total Non-major Program Federal Assistance		3,669,465	3,669,465
	Total Federal Assistance		\$5,745,934	\$5,745,934

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 Interlocal 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



Krueger & Associates, CPA's, LLC

1845 Newton Street • Jasper, Indiana 47546 • (812) 482-4454 • (812) 482-4459 Fax

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
Interlocal Community Action Program, Inc.

We have audited the financial statements of Interlocal Community Action Program, Inc. as of and for the year ended December 31, 2008 and have issued our report thereon dated July 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Interlocal 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 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 caused by error or fraud 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.

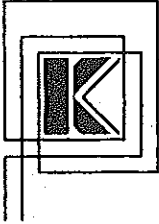
Compliance and Other Matters

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

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

Kroner & Associates, CPA's, LLC
Certified Public Accountants

Jasper, IN
July 24, 2009



Krueger & Associates, CPA's, LLC

1845 Newton Street • Jasper, Indiana 47546 • (812) 482-4454 • (812) 482-4459 Fax

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
Interlocal Community Action Program, Inc.

Compliance

We have audited the compliance of Interlocal 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, 2008. Interlocal 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 Interlocal Community Action Program, Inc.'s management. Our responsibility is to express an opinion on Interlocal Community Action Program, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted 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 Interlocal 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 Interlocal Community Action Program, Inc.'s compliance with those requirements.

In our opinion, Interlocal 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, 2008.

Internal Control Over Compliance

The management of Interlocal 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 Interlocal 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.

Krueger & Associates, CPAs, LLC
Certified Public Accountants

Jasper, IN
July 24, 2009