



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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January 29, 2014

Board of Directors
Aging and In-Home Services of
Northeast Indiana, Inc. and Affiliate
2927 Lake Ave.
Fort Wayne, IN 46805

We have reviewed the audit report prepared by Cullar & Associates, PC, CPA's, Independent Public Accountants, for the period July 1, 2008 to June 30, 2009. 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 Aging and In-Home Services of Northeast Indiana, Inc. and Affiliate, as of June 30, 2009, 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. A significant deficiency was reported for the internal control system over financial reporting.

STATE BOARD OF ACCOUNTS

CONSOLIDATED FINANCIAL AND COMPLIANCE REPORT

**AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC.
AND AFFILIATE**

June 30, 2009 and 2008

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**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULE**

To the Board of Directors
AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
Fort Wayne, Indiana

We have audited the accompanying consolidated statements of financial position of AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE (the "Organization") as of June 30, 2009 and 2008, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE as of June 30, 2009 and 2008, and the consolidated changes in its net assets and its consolidated 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 February 12, 2010 on our consideration of the Organization'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 important for assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying consolidated schedule of expenditures of federal and nonfederal awards on page 13 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit*

Organizations, and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Cullen & Associates, P.C.

February 12, 2010

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AF FILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets:		
Cash and cash equivalents	\$ 109,015	\$ 227,700
Grants and contributions receivable	791,367	669,900
Accounts receivable	46,908	34,613
Other receivables	6,228	-
Property and equipment	<u>1,407,984</u>	<u>1,438,499</u>
<i>Total assets</i>	<u>\$ 2,361,502</u>	<u>\$ 2,370,712</u>
 Liabilities and Net Assets:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 666,138	\$ 501,539
Refundable advances	5,328	144,617
Long-term debt	<u>1,227,837</u>	<u>1,284,972</u>
<i>Total liabilities</i>	<u>1,899,303</u>	<u>1,931,128</u>
 Net Assets:		
Unrestricted	462,199	439,584
Temporarily restricted	<u>-</u>	<u>-</u>
<i>Total net assets</i>	<u>462,199</u>	<u>439,584</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 2,361,502</u>	 <u>\$ 2,370,712</u>

The accompanying notes are an integral part of these consolidated financial statements.

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AF FILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2009 and 2008

	2009			2008		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains, and Other Support:						
Grants and fees	\$ 6,808,121	\$ -	\$ 6,808,121	\$ 6,637,795	\$ -	\$ 6,637,795
Program service revenue	165,818	-	165,818	195,232	-	195,232
Contributed cash	26,564	-	26,564	97,347	-	97,347
Contributed facilities	142,722	-	142,722	112,870	-	112,870
Interest income	1,536	-	1,536	8,283	-	8,283
Other	-	-	-	11,380	-	11,380
Net assets released from restrictions	-	-	-	3,885	(3,885)	-
<i>Total revenues, gains, and other support</i>	<u>7,144,761</u>	<u>-</u>	<u>7,144,761</u>	<u>7,066,792</u>	<u>(3,885)</u>	<u>7,062,907</u>
Expenses:						
Nutrition	1,567,347	-	1,567,347	1,421,891	-	1,421,891
Area Agency on Aging	3,215,314	-	3,215,314	3,441,248	-	3,441,248
Case Management	1,874,878	-	1,874,878	1,558,932	-	1,558,932
Management and general	462,508	-	462,508	570,315	-	570,315
Fund raising	2,099	-	2,099	2,006	-	2,006
<i>Total expenses</i>	<u>7,122,146</u>	<u>-</u>	<u>7,122,146</u>	<u>6,994,392</u>	<u>-</u>	<u>6,994,392</u>
Change in net assets	22,615	-	22,615	72,400	(3,885)	68,515
Net assets, beginning of year	<u>439,584</u>	<u>-</u>	<u>439,584</u>	<u>367,184</u>	<u>3,885</u>	<u>371,069</u>
<i>Net assets, end of year</i>	<u>\$ 462,199</u>	<u>\$ -</u>	<u>\$ 462,199</u>	<u>\$ 439,584</u>	<u>\$ -</u>	<u>\$ 439,584</u>

The accompanying notes are an integral part of these consolidated financial statements.

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2009 and 2008

	2009						2008					
	<u>Nutrition</u>	<u>Area Agency on Aging</u>	<u>Case Management</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Nutrition</u>	<u>Area Agency on Aging</u>	<u>Case Management</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Personnel	\$ 580,752	\$ 192,511	\$ 1,568,803	\$ 334,741	\$ 1,899	\$ 2,678,706	\$ 565,375	\$ 245,520	\$ 1,328,283	\$ 417,561	\$ 1,806	\$ 2,558,545
Food	586,372	18,960	-	-	-	605,332	502,900	56,832	-	-	-	559,732
Meal delivery	93,926	-	-	-	-	93,926	116,270	-	-	-	-	116,270
Home health care	-	1,716,084	-	-	-	1,716,084	-	2,230,596	-	-	-	2,230,596
Adult day care	-	104,868	-	-	-	104,868	-	90,750	-	-	-	90,750
Respite services	-	422,548	-	-	-	422,548	-	180,727	-	-	-	180,727
Transportation services	-	394,346	-	-	-	394,346	-	352,038	-	-	-	352,038
Other assistance	-	231,370	-	-	-	231,370	-	177,095	-	-	-	177,095
Occupancy	165,477	3,667	30,303	2,521	-	201,968	127,579	5,418	25,155	12,899	-	171,051
Telephone	14,591	2,578	25,554	3,547	-	46,270	10,299	3,008	13,195	6,919	-	33,421
Postage	3,434	1,221	11,477	3,504	-	19,636	3,375	1,793	11,644	7,081	-	23,893
Contracted services	20,453	5,180	26,982	16,114	-	68,729	8,987	14,792	10,325	21,541	-	55,645
Materials and supplies	20,347	23,488	28,215	11,501	200	83,751	19,458	19,745	21,798	15,012	200	76,213
Insurance	3,867	1,126	7,637	5,146	-	17,776	5,000	1,232	5,804	7,638	-	19,674
Equipment expense	27,908	59,540	36,366	17,083	-	140,897	10,660	30,308	18,003	11,952	-	70,923
Travel	5,976	2,018	41,339	7,580	-	56,913	5,011	3,200	36,524	8,697	-	53,432
Dues and subscriptions	5,902	1,286	5,612	4,258	-	17,058	3,862	1,786	3,176	9,786	-	18,610
Conferences and training	2,526	7,221	10,373	7,847	-	27,967	1,821	12,118	3,567	17,001	-	34,507
Depreciation	15,028	9,137	40,602	6,342	-	71,109	15,372	6,066	36,604	10,892	-	68,934
Interest	17,355	13,853	41,080	7,324	-	79,612	18,968	7,667	44,051	17,948	-	88,634
Other	3,433	4,312	535	35,000	-	43,280	6,954	557	803	5,388	-	13,702
<i>Totals</i>	<u>\$ 1,567,347</u>	<u>\$ 3,215,314</u>	<u>\$ 1,874,878</u>	<u>\$ 462,508</u>	<u>\$ 2,099</u>	<u>\$ 7,122,146</u>	<u>\$ 1,421,891</u>	<u>\$ 3,441,248</u>	<u>\$ 1,558,932</u>	<u>\$ 570,315</u>	<u>\$ 2,006</u>	<u>\$ 6,994,392</u>

The accompanying notes are an integral part of these consolidated financial statements.

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2009 and 2008

Change in Cash and Cash Equivalents:	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 22,615	\$ 68,515
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	71,109	68,934
Change in assets and liabilities:		
Grants and contributions receivable	(121,467)	170,648
Accounts receivable	(12,295)	(6,284)
Other receivables	(6,228)	-
Accounts payable and accrued liabilities	164,599	(140,206)
Refundable advances	<u>(139,289)</u>	<u>(33,100)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>(20,956)</u>	<u>128,507</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>(40,594)</u>	<u>-</u>
Cash Flows from Financing Activities:		
Payment of long-term debt	<u>(57,135)</u>	<u>(56,662)</u>
Net change in cash and cash equivalents	(118,685)	71,845
Cash and cash equivalents, beginning of year	<u>227,700</u>	<u>155,855</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 109,015</u>	<u>\$ 227,700</u>
<i>Supplemental Cash Flows Information:</i>		
Interest paid	<u>\$ 79,612</u>	<u>\$ 88,634</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated financial statements.

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. (the "Organization") is an Indiana nonprofit corporation whose mission is to promote dignity, independence, and advocacy for all older adults and persons with disabilities. It provides services to clients in Adams, Allen, DeKalb, Huntington, LaGrange, Noble, Steuben, Wells, and Whitley counties in the State of Indiana. The Organization's operations are supported primarily by grants from governmental agencies and other nonprofit organizations.

Significant Accounting Policies:

Consolidation:

The accompanying consolidated financial statements include the accounts of AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. and AREA III PROPERTIES, INC. because the two organizations share the same Board of Directors and because Aging and In-Home Services of Northeast Indiana, Inc. has an economic interest in Area III Properties, Inc. Area III Properties, Inc. is an Indiana nonprofit corporation organized exclusively to hold property leased to Aging and In-Home Services of Northeast Indiana, Inc. All material transactions and balances between the Organizations have been eliminated in these consolidated financial statements.

Use of estimates:

The process of preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The costs of providing the programs and the supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services benefited based on management's best estimates.

Net asset classes:

The Organization reports its financial position and activities by the following classes of net assets:

Unrestricted net assets are those currently available for use by the Organization.

Temporarily restricted net assets are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009 and 2008

Cash and cash equivalents:

The Organization considers time deposits, certificates of deposit, and other highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Grants and contributions:

The majority of the Organization's revenue is earned under cost-reimbursement awards from governmental agencies. Revenues are recognized under such awards when costs allowable under the terms of the awards are incurred. Advances received in excess of allowable costs are reported as liabilities.

The Organization reports grants and contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. However, contributions received with donor-imposed restrictions in which the restrictions are satisfied in the same reporting period are reported as unrestricted support.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

Contributed services are recognized if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such services are recorded at their estimated fair market value. No contributed services were recognized in the accompanying financial statements because the criteria for recognition have not been met. Management estimates the value of contributed services received during the years ended June 30, 2009 and 2008 that did not meet the criteria for recognition to be approximately \$101,000 and \$65,000, respectively.

The Organization uses certain facilities for its nutrition program without charge or at reduced charge. The difference between the fair value for the use of these facilities and their cost are recognized as revenue and expense. The Organization recognized \$142,722 and \$112,870 of revenue for contributed facilities during the years ended June 30, 2009 and 2008, respectively, in the accompanying financial statements.

Fees for services:

Fees for services are recognized as revenue when the services are substantially performed. Fees received in advance of substantial performance are reported as liabilities.

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009 and 2008

Property and equipment:

Property and equipment is stated at cost, if acquired, or at fair value at the date of receipt, if donated, less accumulated depreciation. Equipment with a unit cost below \$5,000 is expensed in the period acquired. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Building	10-40 years
Equipment.....	5-10 years

All of the Organization's equipment has been purchased with governmental grant funds. Disposition of these assets, as well as the ownership of any sale proceeds, is subject to funding source and other regulatory directives.

Advertising:

Advertising costs are expensed when incurred. There were no advertising expenses for either year ended June 30, 2009 or 2008.

Income taxes:

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. is exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code. AREA III PROPERTIES, INC. is exempt from income taxes under Internal Revenue Code Section 501(c)(2) and a similar section of the Indiana Code. Consequently, the accompanying financial statements do not generally include any provision for income taxes. The Internal Revenue Service classifies both entities as other than private foundations under Internal Revenue Code Section 509(a)(1).

The Organization classifies interest and penalties, if any, associated with uncertain tax positions as a component of income tax expense. Management has not identified any uncertain tax positions taken or expected to be taken in a tax return. In addition, there were no accrued interest or penalties related to unrecognized tax benefits at June 30, 2009, or any interest or penalties expense related to unrecognized tax benefits for the year then ended. The Organization is no longer subject to examination by the Internal Revenue Service or the State of Indiana for years ended prior to June 30, 2006.

Reclassifications:

Certain expenses in the 2008 statements of activities and functional expenses have been reclassified among the programs and supporting services to conform to classifications used in the 2009 statements. Such reclassifications had no effect on the change in net assets for the year ended June 30, 2008.

Adoption of new accounting standards:

In 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48 *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 provides guidance on recognizing, measuring, presenting, and disclosing in the financial statements uncertain tax

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009 and 2008

positions that an entity has taken or expects to take on a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2008 for non-public entities. However, the Organization has adopted applicable portions of this interpretation for the year ended June 30, 2009. As a result of this adoption, the Organization did not identify any uncertain tax positions taken or expected to be taken in a tax return that would require adjustment to the financial statements.

In June 2009, the Financial Accounting Standards Board issued SFAS No. 165, *Subsequent Events* (SFAS No. 165). SFAS No. 165 establishes general standards of accounting for disclosure of events that occur after the financial position date but before financial statements are issued. In particular, SFAS No. 165 sets forth the period after the financial position date during which management should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; the circumstances under which an entity should recognize events or transactions occurring after the financial position date in its financial statements; and the disclosures that an entity should make about events or transactions that occurred after the financial position date. SFAS No. 165 is effective for interim or annual financial periods ending after June 15, 2009. Accordingly, the Organization adopted applicable portions of this standard for the year ended June 30, 2009.

NOTE 2. GRANTS, CONTRIBUTIONS, AND ACCOUNTS RECEIVABLE AND REFUNDABLE ADVANCES

Grants and contributions receivable consist of reimbursements due under government cost-reimbursement awards and unconditional promises to give to the Organization. All amounts are due within one year, and no allowance for uncollectibles is considered necessary. Accounts receivable consist primarily of amounts due for services rendered, and no allowance for uncollectibles is considered necessary.

At June 30, 2009, the Organization had received approximately \$130,000 of conditional promises to give in excess of allowable costs incurred under cost-reimbursement grants. Such promises will be recognized as revenue if and when allowable costs are incurred.

At June 30, 2009 and 2008, the Organization had received \$5,328 and \$144,617, respectively, in advances on cost-reimbursement grants in excess of allowable costs incurred that are reported as refundable advance liabilities in the accompanying statements of financial position. Such advances are required to be returned if the Organization does not incur allowable costs by the end of the grant periods.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2009 and 2008, respectively:

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Land	\$ 159,675	\$ 159,675
Building	1,657,962	1,657,962
Equipment	<u>40,594</u>	<u>-</u>
	1,858,231	1,817,637
Less accumulated depreciation	<u>(450,247)</u>	<u>(379,138)</u>
<i>Net property and equipment</i>	<u>\$ 1,407,984</u>	<u>\$ 1,438,499</u>

The Organization's equipment has been purchased with governmental grant funds. Disposition of these assets, as well as the ownership of any sale proceeds, is subject to funding source and other regulatory directives. Because management expects such assets to be used in accordance with the funding source directives, the cost of such items has been recorded as assets when they were acquired.

NOTE 4. DEBT

The Organization has a \$250,000 (increased to \$500,000 in November 2009) line of credit with a bank that bears interest at Wall Street journal prime and is collateralized by substantially all assets of the Organization. No borrowings were outstanding on the line at either June 30, 2009 or 2008. Long-term debt consists of the following on June 30, 2009 and 2008, respectively:

	<u>2009</u>	<u>2008</u>
Note payable, bank due in monthly payments of \$11,250, including interest at 6.0%, through August 2013, with a balloon payment due at that time, collateralized by a mortgage on the Organization's facilities	\$ 1,227,837	\$ -
Note payable, bank, due in monthly payments of \$10,688, including interest at 6.58%, through September 2008, with a balloon payment due at that time, collateralized by a mortgage on the Organization's facilities	-	1,225,156
Note payable, bank, due in monthly payments of \$1,000 plus interest at 6.5%, through November 2009, collateralized by a mortgage on the Organization's facilities	<u>-</u>	<u>59,816</u>
<i>Total long-term debt</i>	<u>\$ 1,227,837</u>	<u>\$ 1,284,972</u>

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009 and 2008

Maturities of debt at June 30, 2009 for each of the next five years and in the aggregate are as follows:

2010	\$	63,045
2011		66,933
2012		71,062
2013		75,444
2014		<u>951,353</u>
	\$	<u>1,227,837</u>

NOTE 5. RETIREMENT PLAN

The Organization maintains a defined-contribution tax-deferred annuity pension plan covering substantially all of its employees. Pension costs are funded in the period that they accrue. Pension expense was \$30,864 and \$28,431 for the years ended June 30, 2009 and 2008, respectively.

NOTE 6. CONCENTRATIONS AND CONTINGENCIES

All of the Organization's programs and activities occur in Northeast Indiana. Consequently, its sources of support and revenue may be affected by conditions in that area. In addition, for the years ended June 30, 2009 and 2008, approximately 95% and 94%, respectively, of total revenues were received from state and federal governmental sources, with approximately 83% and 85%, respectively, of total revenues received from Indiana Family and Social Services Administration.

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and grants and contributions receivable. The Organization has cash on deposit with financial institutions that, at times, may exceed the insurance limit of the Federal Deposit Insurance Corporation or that is invested in money market funds that are not insured. At June 30, 2009, the Organization had no funds on deposit that were not federally insured. Grants and contributions receivable are due primarily from Indiana Family and Social Services Administration under contracts and cost-reimbursement grants, which represents a concentration of credit risk.

The Organization is involved in disputes or legal actions arising in the ordinary course of business. Management does not believe the outcome of such legal actions will have a material adverse effect on the Organization's financial position or results of activities.

NOTE 7. SUBSEQUENT EVENTS INFORMATION

Management has evaluated the period subsequent to June 30, 2009 through February 12, 2010, the date the financial statements were available to be issued, for events that did not exist at June 30, 2009, but arose after that date.

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2009

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract or Agreement Numbers</u>	<u>Total Expenditures</u>	<u>American Reinvestment Act Expenditures</u>
Federal Expenditures:				
<i>U.S. Department of Housing and Urban Development:</i>				
<i>Passed-through City of Fort Wayne:</i>				
Community Development Block Grant/ Entitlement Grants	14.218	n/a	\$ 7,000	\$ -
<i>U.S. Department of Health and Human Services:</i>				
<i>Passed-through Indiana Family and Social Services Administration:</i>				
<i>Aging Cluster:</i>				
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	02-08-OV-1531-02/04	\$ 686,606	\$ -
Title III, Part C - Nutrition Services	93.045	02-08-OV-1531-06/-08	911,452	-
Nutrition Services Incentive Program	93.053	02-08-02-1531-02	74,468	-
ARRA - Aging Home-Delivered Nutrition Services for States	93.705	02-09-0D-1531	54,723	54,723
Home Delivered State ARRA	93.705	02-09-0V-1531	9,657	9,657
ARRA - Aging Congregate Nutrition Services for States	93.707	02-09-0Z-1531	49,672	49,672
Congregate State ARRA	93.707	02-09-0V-1531	8,983	8,983
<i>Total aging cluster</i>			<u>1,795,561</u>	<u>123,035</u>
Title VII - Long-Term Care Ombudsman Services for Older Individuals	93.042	02-08-OV-1531-04	34,312	-
Special Program for the Aging-Disease Prevention and Health Promotion Services	93.043	02-08-OV-1531-010	41,270	-
National Family Caregiver Support	93.052	02-08-OV-1531-12	324,600	-
Social Services Block Grant	93.667	02-08-OC-1531-02	689,024	-
Medical Assistance Program	93.778	02-08-70-1531-02	347,704	-
Centers for Medicare and Medicaid Services	93.779	02-08-3N-1531-01	48,500	-
<i>Passed-through Indiana Department of Health:</i>				
Assistance Programs for Chronic Disease Prevention and Control	93.945	n/a	2,200	-
<i>Passed-through University of Indianapolis:</i>				
Special Program for the Aging	93.048	n/a	39,238	-
<i>Total U.S. Department of Health and Human Services</i>			<u>3,322,409</u>	<u>123,035</u>
<i>Total federal expenditures</i>			<u>3,329,409</u>	<u>123,035</u>
Nonfederal Expenditures:				
<i>Indiana Family and Social Services Administration:</i>				
CHOICE		02-08-10-1531-02	2,204,981	-
Assisted Living Ombudsman		02-08-2V-1531-02	20,587	-
Older Hoosier Act		02-08-OM-1531-02	136,285	-
Medicaid Waiver Administration		n/a	224,373	-
Special projects		02-08-10-1531-02	70,099	-
Resource center Grants		02-08-3N-1531-02	16,149	-
Medicaid reimbursements		n/a	806,238	-
<i>Total nonfederal expenditures</i>			<u>3,478,712</u>	<u>-</u>
Total federal and nonfederal expenditures			<u>\$ 6,808,121</u>	<u>\$ 123,035</u>

The accompanying notes are an integral part of this consolidated schedule.

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL
AND NONFEDERAL AWARDS
Year Ended June 30, 2009

NOTE 1. BASIS OF PRESENTATION

The accompanying consolidated schedule includes the federal and nonfederal grant activities of AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. and its affiliate, AREA III PROPERTIES, INC. (the "Organization"), and is presented in conformity with accounting principles generally accepted in the United States of America. The information in the schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. SUBRECIPIENTS

The Organization provided no federal awards to subrecipients during the year ended June 30, 2009.



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*

To the Board of Directors
AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
Fort Wayne, Indiana

We have audited the consolidated financial statements of AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE (the "Organization") as of and for the year ended June 30, 2009, and have issued our report thereon dated February 12, 2010. 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 the Organization'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 the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliability in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 09-1 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in

the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

The Organization's response to the findings identified in our audit is described in the accompanying auditee's response and corrective action plan. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the Organization, the Indiana State Board of Accounts, 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.

Cullen & Associates, P.C.

February 12, 2010



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
Fort Wayne, Indiana

Compliance

We have audited the compliance of AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE (the "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 June 30, 2009. The Organization'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 the Organization's management. Our responsibility is to express an opinion on the Organization'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 the Organization'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 the Organization's compliance with those requirements.

In our opinion, AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE 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 June 30, 2009.

Internal Control over Compliance

The management of AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE 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 the Organization'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 the Organization'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.

The Organization's response to the findings identified in our audit is described in the accompanying auditee's response and corrective action plan. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the Organization, the Indiana State Board of Accounts, 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.

Cullen & Associates, P.C.

February 12, 2010

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Section 1-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued-	Unqualified
Internal control over financial reporting-	
Significant deficiencies identified?	Yes
Material weaknesses identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs-	
Significant deficiencies identified?	No
Material weaknesses identified?	No
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 Section 510(a) of Circular A-133?	No

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.044; 93.045; 93.053; 93.705; 93.707 (Aging Cluster)	Title III, Part B ó Grants for Supportive Services and Senior Centers; Special Programs for the Aging, Title III, Part C - Nutrition Services; Nutrition Services Incentive Program; ARRA ó Aging Home-Delivered Nutrition Services for States; and ARRA ó Aging Congregate Nutrition Services for States
93.052	National Family Caregiver Support
Dollar threshold used to distinguish between type A and type B programs-	\$300,000
Auditee qualified as low-risk auditee, as defined in Section 530 of Circular A-133?	No

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Section 2 – Findings in Financial Statements Audit

SIGNIFICANT DEFICIENCY

FINDING 09-1

Condition:

Mail receipts are not opened and logged by two employees simultaneously. Additionally, any mail specifically addressed to the President and Vice President of Finance is not opened by employees designated to open the mail.

Criteria:

OMB Circular A-110, Subpart C, Section 21(b)(3) requires effective internal control over and accountability for all funds, property, and other assets and that recipients shall adequately safeguard all funds, property and other assets.

Effect:

The Organization's receipts are inadequately safeguarded as the mail is not opened by two employees simultaneously.

Recommendations:

We recommend that the mail be opened by two employees simultaneously, who should both initial the log of mail receipts.

Views of Responsible Officials:

Effective November 17, 2009 AIHS immediately implemented that the mail be opened by two employees simultaneously and both initial the log of mail receipts. The President and Vice President of Finance mails will be opened by the designated employees. AIHS takes into account that the Federal Privacy Act will not be violated.

Section 3 – Findings in Major Federal Award Programs Audit

There were no findings in the major federal award programs audit.

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009

Findings in Financial Statements Audit

FINDING 08-1

Condition:

The President does not indicate her review of quarterly bank statement reconciliations.

Recommendations:

We recommend that the Organization document its compliance with its own internal policy on this matter. The President should indicate her review of the quarterly bank reconciliations by initialing and dating the bank reconciliations.

Current status:

The recommendations were adopted. No similar finding was noted in 2009.

FINDING 08-2

Condition:

As part of our audit we drafted the Organization's financial statements and related notes, which were reviewed and approved by management. This service is necessary, in our opinion, because management would be unable to completely comply with U.S. generally accepted accounting principles in the preparation of those financial statements and related disclosures because of limited resources (i.e., time and accounting reporting services). Although this service has historically been part of the audit function, new professional standards require that we now communicate this to you because, as the independent auditor, we are not considered to be part of the Organization's internal control.

Recommendations:

We recommend that the Vice President of Finance and any related accounting staff take such training courses on nonprofit accounting principles as necessary to develop a sufficient understanding of those principles to either completely comply with U.S. generally accepted accounting principles or to request assistance from another accounting firm when circumstances require.

Current status:

The recommendations were adopted. No similar finding was noted in 2009.

Findings in Major Federal Award Programs Audit

There were no findings in the major federal award programs audit.

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
AUDITEE'S RESPONSE AND CORRECTIVE ACTION PLAN
Year Ended June 30, 2009

AGING AND IN-HOMES SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE respectfully submits the following response and corrective action plan for the year ended June 30, 2009.

Contact Information of Independent Public Accounting Firm:

Richard J. Cullar, CPA
Cullar & Associates, PC, Certified Public Accountants
209 North Main Street, Suite 200
South Bend, IN 46601
(574)-288-8320
RCullar@Cullar.com

Contact Information of Auditee:

Claire Dokmecian, Vice President of Finance
Aging and In-Home Services of Northeast Indiana, Inc.
2927 Lake Avenue
Fort Wayne, IN 46805
(260) 745-1200
cdokmecian@agingihs.org

SECTION 2 – FINDINGS IN FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCY

FINDING 09-1

Condition:

Mail receipts are not opened and logged by two employees simultaneously. Additionally, any mail specifically addressed to the President and Vice President of Finance is not opened by employees designated to open the mail.

Criteria:

OMB Circular A-110, Subpart C, Section 21(b)(3) requires effective internal control over and accountability for all funds, property, and other assets and that recipients shall adequately safeguard all funds, property and other assets.

Effect:

The Organization's receipts are inadequately safeguarded as the mail is not opened by two employees simultaneously.

AGING AND IN-HOME SERVICES OF NORTHEAST INDIANA, INC. AND AFFILIATE
AUDITEE'S RESPONSE AND CORRECTIVE ACTION PLAN
Year Ended June 30, 2009

Recommendations:

We recommend that the mail be opened by two employees simultaneously. A log of all mail receipts should be maintained during the process of opening the mail

Auditee's Response and Corrective Action Plan:

Effective November 17, 2009 AIHS immediately implemented that the mail be opened by two employees simultaneously and both initial the log of mail receipts. The President and Vice President of Finance mails will be opened by the designated employees. AIHS takes into account that the Federal Privacy Act will not be violated.

SECTION 3 – FINDINGS IN MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings in the major federal award programs audit.