



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B49946

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April 26, 2018

Board of Directors
Southeastern Indiana Economic Opportunity Corporation
110 Importing Street
Aurora, IN 47001

We have reviewed the report prepared by Southeastern Indiana Economic Opportunity Corporation and opined upon by Cullar & Associates, PC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Southeastern Indiana Economic Opportunity Corporation as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Cullar & Associates, PC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

FINANCIAL AND COMPLIANCE REPORT

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION

December 31, 2015 and 2014

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

To the Board of Directors
Southeastern Indiana Economic Opportunity Corporation
Aurora, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Southeastern Indiana Economic Opportunity Corporation, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Indiana Economic Opportunity Corporation as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Supporting Schedule

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2016 on our consideration of Southeastern Indiana Economic Opportunity Corporation'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeastern Indiana Economic Opportunity Corporation's internal control over financial reporting and compliance.

Cullen & Associates, P.C.

South Bend, Indiana
September 21, 2016

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

Assets:	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 101,274	\$ 147,708
Grants and contributions receivable	251,982	282,148
Prepaid expenses	<u>9,420</u>	<u>17,772</u>
<i>Total current assets</i>	<u>362,676</u>	<u>447,628</u>
<hr/>		
Property and Equipment	<u>197,325</u>	<u>204,539</u>
<i>Total assets</i>	<u>\$ 560,001</u>	<u>\$ 652,167</u>
<hr/>		
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 152,992	\$ 138,801
Deferred revenue	<u>7,722</u>	<u>87,399</u>
<i>Total current liabilities</i>	<u>160,714</u>	<u>226,200</u>
Net Assets:		
Unrestricted	319,016	346,266
Temporarily restricted	<u>80,271</u>	<u>79,701</u>
<i>Total net assets</i>	<u>399,287</u>	<u>425,967</u>
<i>Total liabilities and net assets</i>	<u>\$ 560,001</u>	<u>\$ 652,167</u>

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

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2015 and 2014

	2015			2014		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Totals</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Totals</u>
Revenues, Gains, and Other Support						
Grants and contracts	\$ 5,423,950	\$ -	\$ 5,423,950	\$ 5,421,100	\$ -	\$ 5,421,100
Contributions:						
Cash	9,609	44,727	54,336	6,036	58,120	64,156
Materials and supplies	142,434	-	142,434	133,706	-	133,706
Services	90,110	-	90,110	80,301	-	80,301
Facilities	124,598	-	124,598	102,636	-	102,636
Interest income	-	-	-	2	-	2
Net assets released from restrictions	44,157	(44,157)	-	39,897	(39,897)	-
<i>Total revenues, gains, and other support</i>	<u>5,834,858</u>	<u>570</u>	<u>5,835,428</u>	<u>5,783,678</u>	<u>18,223</u>	<u>5,801,901</u>
Expenses:						
Head Start	2,401,345	-	2,401,345	2,243,023	-	2,243,023
Child Care Referral	481,082	-	481,082	405,869	-	405,869
Weatherization	471,179	-	471,179	555,880	-	555,880
Energy Assistance	864,798	-	864,798	1,093,834	-	1,093,834
Housing	1,154,367	-	1,154,367	1,136,115	-	1,136,115
Other programs	114,670	-	114,670	60,745	-	60,745
<i>Total program service expenses</i>	<u>5,487,441</u>	<u>-</u>	<u>5,487,441</u>	<u>5,495,466</u>	<u>-</u>	<u>5,495,466</u>
Management and general	374,667	-	374,667	306,881	-	306,881
<i>Total expenses</i>	<u>5,862,108</u>	<u>-</u>	<u>5,862,108</u>	<u>5,802,347</u>	<u>-</u>	<u>5,802,347</u>
Change in net assets	(27,250)	570	(26,680)	(18,669)	18,223	(446)
Net assets, beginning of year	346,266	79,701	425,967	364,935	61,478	426,413
<i>Net assets, end of year</i>	<u>\$ 319,016</u>	<u>\$ 80,271</u>	<u>\$ 399,287</u>	<u>\$ 346,266</u>	<u>\$ 79,701</u>	<u>\$ 425,967</u>

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

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2015

	<u>Head Start</u>	<u>Child Care Referral</u>	<u>Weatherization</u>	<u>Energy Assistance</u>	<u>Housing</u>	<u>Other Programs</u>	<u>Management and General</u>	<u>Totals</u>
Personnel	\$ 1,280,367	\$ 310,655	\$ 123,882	\$ 79,754	\$ 86,375	\$ 34,517	\$ 296,485	\$ 2,212,035
Travel	43,238	34,537	1,289	346	1,598	-	643	81,651
Occupancy	321,436	24,961	18,939	10,034	7,860	-	19,557	402,787
Communications	40,821	9,684	4,284	3,098	1,966	-	2,993	62,846
Postage	6,050	2,104	1,118	1,794	3,087	-	802	14,955
Supplies and materials	169,842	15,508	2,767	2,980	2,343	61,353	5,815	260,608
Contributed services	90,110	-	-	-	-	-	-	90,110
Food	177,465	-	-	-	-	2,678	-	180,143
Training and education	62,796	1,207	372	724	1,486	-	615	67,200
Contracted services	63,457	15,622	9,191	12,678	3,756	6,836	13,666	125,206
Insurance	27,100	1,395	7,403	2,432	1,229	-	2,049	41,608
Professional fees	-	-	-	-	-	-	20,000	20,000
Printing and promotion	1,828	23,016	11	535	-	-	10	25,400
Direct client assistance	49,694	40,252	298,318	749,783	1,044,040	9,142	-	2,191,229
Other	62,957	1,131	3,172	351	338	-	11,167	79,116
Depreciation	4,184	1,010	433	289	289	144	865	7,214
<i>Totals</i>	<u>\$ 2,401,345</u>	<u>\$ 481,082</u>	<u>\$ 471,179</u>	<u>\$ 864,798</u>	<u>\$ 1,154,367</u>	<u>\$ 114,670</u>	<u>\$ 374,667</u>	<u>\$ 5,862,108</u>

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

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2014

	<u>Head Start</u>	<u>Child Care Referral</u>	<u>Weatherization</u>	<u>Energy Assistance</u>	<u>Housing</u>	<u>Other Programs</u>	<u>Management and General</u>	<u>Totals</u>
Personnel	\$ 1,156,154	\$ 279,272	\$ 125,207	\$ 130,061	\$ 85,815	\$ 44,882	\$ 236,572	\$ 2,057,963
Travel	42,653	31,886	5,232	327	967	-	1,524	82,589
Occupancy	303,422	24,023	20,229	11,806	8,359	-	17,453	385,292
Communications	36,505	8,144	3,466	2,657	1,456	-	1,862	54,090
Postage	4,432	2,439	826	4,628	2,203	-	421	14,949
Supplies and materials	204,780	5,255	4,487	7,143	1,719	-	7,385	230,769
Contributed services	80,301	-	-	-	-	-	-	80,301
Food	144,824	-	-	-	-	1,260	-	146,084
Training and education	38,022	950	1,384	724	419	-	845	42,344
Contracted services	74,253	15,212	9,953	9,874	4,433	75	7,907	121,707
Insurance	27,004	1,332	9,531	2,222	1,177	-	2,380	43,646
Professional fees	-	-	-	-	-	-	19,500	19,500
Printing and promotion	3,963	3,334	42	171	414	-	-	7,924
Direct client assistance	51,184	31,608	365,548	923,339	1,028,466	14,528	-	2,414,673
Other	69,209	915	6,774	240	259	-	9,854	87,251
Depreciation	6,317	1,499	3,201	642	428	-	1,178	13,265
<i>Totals</i>	<u>\$ 2,243,023</u>	<u>\$ 405,869</u>	<u>\$ 555,880</u>	<u>\$ 1,093,834</u>	<u>\$ 1,136,115</u>	<u>\$ 60,745</u>	<u>\$ 306,881</u>	<u>\$ 5,802,347</u>

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

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014

Change in Cash and Cash Equivalents:	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (26,680)	\$ (446)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,214	13,265
Gain on disposition of equipment	-	(1,207)
Changes in assets and liabilities:		
Grants and contributions receivable	30,166	(69,343)
Prepaid expenses	8,352	1,507
Accounts payable and accrued liabilities	14,191	31,177
Deferred revenue	<u>(79,677)</u>	<u>86,114</u>
<i>Net cash provided by (used in) operating activities</i>	<u>(46,434)</u>	<u>61,067</u>
Cash Flows from Investing Activities:		
Proceeds from disposition of equipment	<u>-</u>	<u>1,207</u>
Net change in cash and cash equivalents	(46,434)	62,274
Cash and cash equivalents, beginning of year	<u>147,708</u>	<u>85,434</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 101,274</u>	<u>\$ 147,708</u>
 <i>Supplemental Cash Flows Information:</i>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

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

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Southeastern Indiana Economic Opportunity Corporation (the "Organization") is an Indiana nonprofit corporation established to enable economically and socially disadvantaged people to achieve self-sufficiency and become less dependent on public assistance. The Organization provides services to individuals in southeastern Indiana. Its operations are supported primarily by grants from governmental agencies.

Significant Accounting Policies:

Use of estimates:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States 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 financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Significant estimates used in the accompanying financial statements include:

- Revenue earned from cost-reimbursement awards. The majority of the Organization's revenue is earned on such awards from governmental agencies that are governed by cost principles and other administrative and programmatic regulations and are subject to audit by regulatory authorities. It is at least reasonably possible that revenue earned under such awards will be adjusted upon audit.
- Valuations of contributed materials and supplies, services, and facilities, which are based on estimated costs for comparable items.
- Allocations of costs among programs and the supporting service, which are based on time and facility usage studies and other methods of cost allocation. In addition, because the Organization receives the majority of its support from grants and contracts awarded through competitive bidding, fund raising costs are not material and are not separately presented in the accompanying financial statements.

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.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Cash and cash equivalents:

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

Gifts and grants:

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 deferred revenue in the accompanying statements of financial position.

The Organization reports gifts and grants 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.

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 revenues. Conditional promises to give are not recognized as revenues until the conditions are substantially met.

Contributed energy assistance payments:

Beginning in October 2010, Indiana Housing and Community Development Authority ("IHCDA") began making energy assistance payments for participants in the Low Income Home Energy Assistance Program directly to the energy providers on behalf of all entities administering the program. Previously, such payments were made by the Organization to the providers and the Organization was reimbursed by IHCDA. Because the Organization performs all intake functions and is liable for errors made in determining participant eligibility, such payments made by IHCDA to the providers are recorded as both grants revenue and financial assistance expense in the accompanying financial statements. The Organization recognized \$749,783 and \$923,339 of revenue and expense for such payments made by IHCDA for the years ended December 31, 2015 and 2014, respectively.

Contributed materials and supplies, services, facilities, property, and food product:

Contributed materials and supplies are recognized as revenue based on estimated fair value. The Organization received \$142,434 and \$133,706 of contributed materials and supplies for the years ended December 31, 2015 and 2014, respectively, primarily for its Head Start program.

Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

possessing those skills and would typically need to be purchased if not provided by donation. Such services are recorded at their estimated fair value. Total contributed services recognized in these financial statements for the years ended December 31, 2015 and 2014 are \$90,010 and \$80,301, respectively, primarily for the Organization's Head Start program. In addition, for the years ended December 31, 2015 and 2014, the Organization received approximately \$288,000 and \$266,000, respectively, of contributed services, primarily for its Head Start program, that did not meet the criteria to be recognized in the financial statements.

The Organization uses certain facilities for its Head Start program without charge or at reduced charge, and the difference between the fair value for the use of these facilities and the cost is recorded as revenue and expense. For the years ended December 31, 2015 and 2014, the Organization recognized \$124,598 and \$102,636, respectively, for the contributed use of such facilities.

The value of food product received and distributed under the U.S. Department of Agriculture Emergency Food Assistance Program is not recognized in the accompanying financial statements because title and risk for the product remains with the distributing governmental agency. For the years ended December 31, 2015 and 2014, the Organization received 46,935 and 38,644 pounds, respectively, of food product under this program with estimated values of \$44,605 and \$45,680, respectively.

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. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which are generally five years for transportation equipment and thirty years for buildings.

Substantially all of the Organization's transportation equipment has been purchased with governmental grant funds. Disposition of these vehicles, as well as the ownership of any sales proceeds, is subject to funding source and other regulatory directives. Because management expects such vehicles to be used in accordance with the funding sources directives, the cost of the vehicles is recorded as an asset when acquired.

Functional expense allocations:

The costs of providing programs and 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 supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of time and facility usage studies and other cost allocation methods.

Income taxes:

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code, except for tax on unrelated businesses income. Consequently, the accompanying financial statements generally do not include any provision for income taxes. The Internal Revenue Service classifies the

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Organization as other than a private foundation under Internal Revenue Code Section 509(a)(1).

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Examples of tax positions include the tax-exempt status of the Organization and positions related to the potential sources of unrelated business taxable income. Management has not identified any uncertain tax positions taken or expected to be taken in a tax return, and there are no unrecognized tax benefits recorded as liabilities in the accompanying financial statements. The Organization classifies interest and penalties, if any, associated with uncertain tax positions as a component of income tax expense. There was no accrued interest or any penalties related to unrecognized tax benefits at either December 31, 2015 or 2014, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. The Organization is no longer subject to examination by the Internal Revenue Service or the State of Indiana for years prior to 2012.

Reclassifications:

Certain expenses have been reclassified in the accompanying 2014 statements of activities and functional expenses to conform to their presentation in the 2015 statements.

NOTE 2. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist primarily of reimbursements due under government grants and contracts. All amounts are due within one year, and no allowance for uncollectible amounts is considered necessary.

In addition, at December 31, 2015, the Organization had received approximately \$2,200,000 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.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2015 and 2014, respectively:

	<u>2015</u>	<u>2014</u>
Land	\$ 21,200	\$ 21,200
Building	216,400	216,400
Transportation equipment	<u>223,254</u>	<u>223,254</u>
	460,854	460,854
Less accumulated depreciation	<u>(263,529)</u>	<u>(256,315)</u>
<i>Net property and equipment</i>	<u>\$ 197,325</u>	<u>\$ 204,539</u>

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 4. NET ASSETS INFORMATION

Temporarily restricted net assets are available for the following purposes at December 31, 2015 and 2014, respectively:

	<u>2015</u>	<u>2014</u>
Client assistance and family services	\$ 6,125	\$ 7,364
Head Start and education	6,840	5,391
Child care resource and referral	<u>67,306</u>	<u>66,946</u>
<i>Total temporarily restricted net assets</i>	<u>\$ 80,271</u>	<u>\$ 79,701</u>

Net assets were released from restrictions for the years ended December 31, 2015 and 2014, respectively, by incurring expenses satisfying donor restrictions as follows:

Client assistance and family services	\$ 3,914	\$ 7,290
Head Start and education	1,155	999
Child care resource and referral	<u>39,088</u>	<u>31,608</u>
<i>Total net assets released from restrictions</i>	<u>\$ 44,157</u>	<u>\$ 39,897</u>

NOTE 5. LEASE INFORMATION

The Organization leases facilities and equipment under non-cancelable operating leases expiring in various months through July 2020. Minimum future rental payments under these leases as of December 31, 2015 for each of the next five years and in the aggregate are as follows:

2016	\$ 156,759
2017	67,948
2018	46,948
2019	28,714
2020	<u>11,725</u>
<i>Total minimum future rental commitments</i>	<u>\$ 312,094</u>

Total rent expense for all leases was \$200,878 and \$185,774 for the years ended December 31, 2015 and 2014, respectively.

NOTE 6. RETIREMENT PLAN

The Organization maintains a defined-contribution pension plan covering substantially all its employees after one year of service. The Organization may make discretionary contributions to the plan, limited to 4% of each employee's compensation. Pension expense was \$33,514 and \$34,513 for the years ended December 31, 2015 and 2014, respectively.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 7. CONCENTRATIONS

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of grants and contributions receivable. Of total grants and contributions receivable at December 31, 2015 and 2014, approximately 82% and 73%, respectively, is due from agencies of the State of Indiana, and approximately 18% and 27% is due from U.S. Health and Human Services.

All of the Organization's programs and activities occur in southeastern Indiana. Consequently, its sources of support and revenue may be affected by conditions in that area. In addition, for the years ended December 31, 2015 and 2014, approximately 93% and 92%, respectively, of total revenues were earned from governmental grants and contracts, with approximately 47% and 52%, respectively, earned from grants and contracts with Indiana Housing and Community Development Authority, and approximately 35% and 34%, respectively, earned from U.S. Department of Health and Human Services for the Organization's Head Start program.

NOTE 8. SUBSEQUENT EVENTS INFORMATION

The date through which events occurring subsequent to December 31, 2015 have been evaluated for possible adjustment to the financial statements or disclosure is September 21, 2016, the date on which the financial statements were available to be issued. Management identified no such events.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>United States Department of Agriculture:</u>				
Passed-Through Indiana State Department of Education: Child and Adult Care Food Program	10.558	1150030	\$ 88,870	\$ -
Passed-Through Indiana State Department of Health: Passed-Through Gleaner's Food Bank of Indiana, Inc.: Food Distribution Cluster: Emergency Food Assistance Program (Food Commodities)	10.569	N/A	44,605	-
<i>Total United States Department of Agriculture</i>			<u>133,475</u>	<u>-</u>
<u>United States Department of Housing and Urban Development:</u>				
Passed-through Indiana Housing and Community Development Authority: Housing Voucher Cluster: Section 8 Housing Choice Vouchers	14.871	n/a	1,153,292	-
<u>United States Department of Energy:</u>				
Passed-through Indiana Housing and Community Development Authority: Weatherization Assistance for Low-Income Persons	81.042	WX-014-022, WX-015-022	194,578	-
<u>United States Department of Health and Human Services:</u>				
Passed-through Indiana State Department of Health: Passed-through One Community, One Family, Inc.: Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	n/a	98,031	-
Passed-through Indiana Housing and Community Development Authority: Low-Income Home Energy Assistance	93.568	LI-015-022, LI-016-022	815,634	-
Low-Income Home Energy Assistance	93.568	WL-015-022, WL-016-022	240,017	-
<i>Total Low-Income Home Energy Assistance</i>			<u>1,055,651</u>	<u>-</u>
Community Services Block Grant	93.569	CS-015-022	244,667	-
Passed-through Indiana Family & Social Services Administration: CCDF Cluster: Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	15-14-87-9067-02, -03, F1-15-16-87-9067	441,378	-
Head Start	93.600	05CH4086/48 & 05CH4086/49	2,063,102	-
Passed-through Indiana Housing and Community Development Authority: Assets for Independence Demonstration Program	93.602	IDA-012-025	6,843	-
<i>Total United States Department of Health and Human Services</i>			<u>3,909,672</u>	<u>-</u>
Total expenditures of federal awards			\$ 5,391,017	\$ -

The accompanying notes are an integral part of this schedule.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activities of Southeastern Indiana Economic Opportunity Corporation under programs of the federal government for the year ended December 31, 2015. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southeastern Indiana Economic Opportunity Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Southeastern Indiana Economic Opportunity Corporation.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Southeastern Indiana Economic Opportunity Corporation has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Beginning in October 2010, Indiana Housing and Community Development Authority ("IHCDA") began making energy assistance payments for participants in the Low-Income Home Energy Assistance Program, CFDA #93.568, directly to the energy providers on behalf of all entities administering the program. Previously, such payments were made by the Organization to the providers and the Organization was reimbursed by IHCDA. Because the Organization performs all intake functions and is liable for errors made in determining participant eligibility, such payments made by IHCDA to the providers, totaling \$700,732, are included in federal expenditures in the accompanying Schedule.

The value of food commodities distributed under Emergency Food Assistance Program, CFDA #10.569, totaling \$44,605 is included in federal expenditures in the accompanying Schedule. In 2015, 46,935 pounds of such commodities were distributed. The commodities are valued based on information provided by U.S. Department of Agriculture.



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**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
Southeastern Indiana Economic Opportunity Corporation, Inc.
Aurora, Indiana

We have audited, in accordance with the 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, the financial statements of Southeastern Indiana Economic Opportunity Corporation (the "Organization"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements, and have issued our report thereon dated September 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cullen & Associates, P.C.

South Bend, Indiana
September 21, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Southeastern Indiana Economic Opportunity Corporation
Aurora, Indiana

Report on Compliance for Each Major Federal Program

We have audited Southeastern Indiana Economic Opportunity Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southeastern Indiana Economic Opportunity Corporation, Inc.'s major federal programs for the year ended December 31, 2015. Southeastern Indiana Economic Opportunity Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Southeastern Indiana Economic Opportunity Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Southeastern Indiana Economic Opportunity Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Southeastern Indiana Economic Opportunity Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, Southeastern Indiana Economic Opportunity Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of Southeastern Indiana Economic Opportunity Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southeastern Indiana Economic Opportunity Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Southeastern Indiana Economic Opportunity Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cullen & Associates, P.C.

South Bend, Indiana
September 21, 2016

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2015

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Southeastern Indiana Economic Opportunity Corporation were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No significant deficiencies or material weaknesses in internal control over financial reporting were disclosed during the audit of the financial statements.
3. No instances of noncompliance that are material to the financial statements were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for Southeastern Indiana Economic Opportunity Corporation expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were the Weatherization Assistance for Low-Income Persons, CFDA number 81.042, and Head Start, CFDA number 93.600.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Southeastern Indiana Economic Opportunity Corporation did not qualify to be a low-risk auditee.

Findings - Financial Statement Audit

There were no findings in the financial statement audit.

Findings and Questioned Costs – Major Federal Award Programs Audit

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

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2015

There were no findings regarding federal awards in the December 31, 2014 audit.