



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B50052

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

May 22, 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, 2016 to December 31, 2016. 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, 2016 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, 2016 and 2015

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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, 2016 and 2015 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, 2016 and 2015, 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***

### ***Supplementary Information***

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 and nonfederal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Government Sources* issued by the Indiana State Board of Accounts, 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 20, 2017, 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 solely 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 effectiveness of Southeastern Indiana Economic Opportunity Corporation's 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 20, 2017

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2016 and 2015

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<b>Assets:</b>	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents	\$ 170,414	\$ 101,274
Grants and contributions receivable	238,194	251,982
Prepaid expenses	<u>39,614</u>	<u>9,420</u>
<i>Total current assets</i>	<u>448,222</u>	<u>362,676</u>
Property and Equipment	<u>200,036</u>	<u>197,325</u>
<i>Total assets</i>	<u>\$ 648,258</u>	<u>\$ 560,001</u>
<b>Liabilities and Net Assets:</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 247,264	\$ 152,992
Deferred revenue	<u>-</u>	<u>7,722</u>
<i>Total current liabilities</i>	<u>247,264</u>	<u>160,714</u>
Net Assets:		
Unrestricted	232,123	319,016
Temporarily restricted	<u>168,871</u>	<u>80,271</u>
<i>Total net assets</i>	<u>400,994</u>	<u>399,287</u>
<i>Total liabilities and net assets</i>	<u>\$ 648,258</u>	<u>\$ 560,001</u>

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

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2016 and 2015

	2016			2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>Revenues, Gains, and Other Support</b>						
Grants and contracts	\$ 5,675,869	\$ 84,899	\$ 5,760,768	\$ 5,423,950	\$ -	\$ 5,423,950
Contributions:						
Cash	1,395	56,528	57,923	9,609	44,727	54,336
Materials and supplies	81,774	-	81,774	142,434	-	142,434
Services	79,360	-	79,360	90,110	-	90,110
Facilities	113,712	-	113,712	124,598	-	124,598
Net assets released from restrictions	52,827	(52,827)	-	44,157	(44,157)	-
<i>Total revenues, gains, and other support</i>	<u>6,004,937</u>	<u>88,600</u>	<u>6,093,537</u>	<u>5,834,858</u>	<u>570</u>	<u>5,835,428</u>
<b>Expenses:</b>						
Head Start	2,390,795	-	2,390,795	2,401,345	-	2,401,345
Child Care Referral	553,179	-	553,179	481,082	-	481,082
Weatherization	394,126	-	394,126	471,179	-	471,179
Energy Assistance	928,513	-	928,513	864,798	-	864,798
Housing	1,215,171	-	1,215,171	1,154,367	-	1,154,367
Other programs	338,026	-	338,026	114,670	-	114,670
<i>Total program service expenses</i>	5,819,810	-	5,819,810	5,487,441	-	5,487,441
Management and general	272,020	-	272,020	374,667	-	374,667
<i>Total expenses</i>	<u>6,091,830</u>	<u>-</u>	<u>6,091,830</u>	<u>5,862,108</u>	<u>-</u>	<u>5,862,108</u>
<b>Change in net assets</b>	(86,893)	88,600	1,707	(27,250)	570	(26,680)
Net assets, beginning of year	319,016	80,271	399,287	346,266	79,701	425,967
<i>Net assets, end of year</i>	<u>\$ 232,123</u>	<u>\$ 168,871</u>	<u>\$ 400,994</u>	<u>\$ 319,016</u>	<u>\$ 80,271</u>	<u>\$ 399,287</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, 2016

	<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	\$ 1,379,329	\$ 394,902	\$ 128,447	\$ 96,710	\$ 89,152	\$ 191,727	\$ 208,017	\$ 2,488,284
Direct benefits	61,932	35,904	213,449	806,859	1,107,482	3,600	-	2,229,226
Travel	39,791	35,413	148	641	1,213	1,051	13	78,270
Occupancy	322,707	26,612	20,872	3,801	4,711	50,191	13,032	441,926
Communications	43,251	13,803	5,527	3,522	1,540	2,675	428	70,746
Postage	6,187	1,885	927	3,576	3,020	1,052	29	16,676
Supplies and materials	136,769	7,743	8,474	2,265	2,076	10,460	16,874	184,661
Contributed services	79,360	-	-	-	-	-	-	79,360
Food	188,421	-	-	-	-	463	-	188,884
Training and education	20,609	1,642	724	474	816	43,927	7	68,199
Contracted services	79,311	20,097	6,573	7,936	2,735	28,685	777	146,114
Insurance	24,289	4,531	6,250	1,872	1,408	2,709	1,310	42,369
Professional fees	-	-	-	-	-	-	20,018	20,018
Printing and promotion	513	7,398	6	233	505	170	1	8,826
Other	4,283	2,073	2,361	330	219	728	10,926	20,920
Depreciation	4,043	1,176	368	294	294	588	588	7,351
<i>Totals</i>	<u>\$ 2,390,795</u>	<u>\$ 553,179</u>	<u>\$ 394,126</u>	<u>\$ 928,513</u>	<u>\$ 1,215,171</u>	<u>\$ 338,026</u>	<u>\$ 272,020</u>	<u>\$ 6,091,830</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
Direct benefits	49,694	40,252	298,318	749,783	1,044,040	9,142	-	2,191,229
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
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**

**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2016 and 2015

<b>Change in Cash and Cash Equivalents:</b>	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,707	\$ (26,680)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,351	7,214
Changes in assets and liabilities:		
Grants and contributions receivable	13,788	30,166
Prepaid expenses	(30,194)	8,352
Accounts payable and accrued liabilities	94,272	14,191
Deferred revenue	<u>(7,722)</u>	<u>(79,677)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>79,202</u>	<u>(46,434)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>(10,062)</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	69,140	(46,434)
Cash and cash equivalents, beginning of year	<u>101,274</u>	<u>147,708</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 170,414</u>	<u>\$ 101,274</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, 2016 and 2015

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**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. Expenses that are directly identifiable with functions are charged to those functions. Expenses related to more than one function are allocated to functions based on estimates of employee time spent on functions, space used by function, and other factors driving costs. 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, 2016 and 2015

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*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:*

The Indiana Housing and Community Development Authority ("IHCDA") makes energy assistance payments for participants in the Low Income Home Energy Assistance Program directly to the energy providers on behalf of entities administering the program. 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 \$806,809 and \$749,783 of revenue and expense for such payments made by IHCDA for the years ended December 31, 2016 and 2015, respectively.

*Contributed materials and supplies, services, and facilities:*

Contributed materials and supplies are recognized as revenue based on estimated fair value. The Organization received \$81,774 and \$142,434 of contributed materials and supplies for the years ended December 31, 2016 and 2015, respectively, primarily for its Head Start program.

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, 2016 and 2015, the Organization

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

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received 76,158 and 46,935 pounds, respectively, of food product under this program with estimated values of \$94,708 and \$44,605, respectively.

Contributed services are recognized as revenue 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 value. Total contributed services recognized in these financial statements for the years ended December 31, 2016 and 2015 are \$79,360 and \$90,010, respectively, primarily for the Organization's Head Start program. In addition, for the years ended December 31, 2016 and 2015, the Organization received approximately \$232,000 and \$288,000, 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, 2016 and 2015, the Organization recognized \$113,712 and \$124,598, respectively, for the contributed use of such facilities.

*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.

*Advertising costs:*

Advertising costs are expensed when incurred. Advertising expense was \$3,542 and \$25,400 for the years ended December 31, 2016 and 2015, respectively.

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

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*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 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, 2016 or 2015, 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 2013.

*Subsequent events:*

The date through which events occurring subsequent to December 31, 2016 have been evaluated for possible adjustment to the financial statements or disclosure is September 20, 2017, the date on which the financial statements were available to be issued.

**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, 2016, the Organization had received approximately \$2,800,000 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, 2016 and 2015, respectively:

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

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	<u>2016</u>	<u>2015</u>
Land	\$ 21,200	\$ 21,200
Building	226,462	216,400
Transportation equipment	<u>223,254</u>	<u>223,254</u>
	470,916	460,854
Less accumulated depreciation	<u>(270,880)</u>	<u>(263,529)</u>
<i>Net property and equipment</i>	<u>\$ 200,036</u>	<u>\$ 197,325</u>

**NOTE 4. NET ASSETS INFORMATION**

Temporarily restricted net assets are available for the following purposes at December 31, 2016 and 2015, respectively:

	<u>2016</u>	<u>2015</u>
Client assistance and family services	\$ 8,746	\$ 6,125
Head Start and education	7,494	6,840
Child care resource and referral	<u>152,631</u>	<u>67,306</u>
<i>Total temporarily restricted net assets</i>	<u>\$ 168,871</u>	<u>\$ 80,271</u>

Net assets were released from restrictions for the years ended December 31, 2016 and 2015, respectively, by incurring expenses satisfying donor restrictions as follows:

Client assistance and family services	\$ 2,442	\$ 3,914
Head Start and education	21,886	1,155
Child care resource and referral	<u>28,499</u>	<u>39,088</u>
<i>Total net assets released from restrictions</i>	<u>\$ 52,827</u>	<u>\$ 44,157</u>

**NOTE 5. LEASE INFORMATION**

The Organization leases facilities and equipment under non-cancelable operating leases expiring in various months through August 2020. Minimum future rental payments under these leases as of December 31, 2016 for each of the next four years and in the aggregate are as follows:

2017	\$ 221,524
2018	103,628
2019	25,368
2020	<u>13,875</u>
<i>Total minimum future rental commitments</i>	<u>\$ 364,395</u>

Total rent expense for all leases was \$209,330 and \$200,878 for the years ended December 31, 2016 and 2015, respectively.

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

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**NOTE 6. EMPLOYEE BENEFIT PLANS**

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 \$36,985 and \$33,514 for the years ended December 31, 2016 and 2015, respectively.

In 2016 the Organization adopted a self-funded medical plan for its full-time employees that is managed by a third-party administrator. The Organization has purchased a stop-loss insurance policy for the plan that reimburses the Organization for individual claims in excess of \$25,000 annually. The Organization funds a separate bank account that is restricted for payment of claims and insurance. The Organization has recorded accruals for its estimated portion of self-insured claims based on estimated claims incurred through December 31, 2016.

**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, 2016 and 2015, approximately 90% and 82%, respectively, is due from agencies of the State of Indiana, and approximately 10% and 18% 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, 2016 and 2015, approximately 95% and 93%, respectively, of total revenues were earned from governmental grants and contracts, with approximately 49% and 47%, respectively, earned from grants and contracts with Indiana Housing and Community Development Authority, and approximately 35% and 35%, respectively, earned from U.S. Department of Health and Human Services for the Organization's Head Start program.

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS**  
Year Ended December 31, 2016

<u>Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<b>Federal Assistance:</b>				
<i>United States Department of Agriculture:</i>				
Passed-Through Indiana State Department of Education:				
Child and Adult Care Food Program	10.558	1150030	\$ 96,849	\$ -
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	93,706	-
<i>Total United States Department of Agriculture</i>			<u>190,555</u>	<u>-</u>
<i>United States Department of Housing and Urban Development:</i>				
Passed-through Indiana Housing and Community Development Authority:				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	HCV-016-17	1,214,962	-
<i>United States Department of Energy:</i>				
Passed-through Indiana Housing and Community Development Authority:				
Weatherization Assistance for Low-Income Persons	81.042	WX-015-022, WX-016-022	146,042	-
<i>United States Department of Health and Human Services:</i>				
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	72,214	-
Passed-through Indiana Housing and Community Development Authority:				
Low-Income Home Energy Assistance	93.568	LI-016-022, LI-017-022	891,632	-
Low-Income Home Energy Assistance	93.568	WL-016-022, WL-017-022	211,012	-
<i>Total Low-Income Home Energy Assistance</i>			<u>1,102,644</u>	<u>-</u>
Community Services Block Grant	93.569	CS-016-022	359,960	-
Passed-through Indiana Family & Social Services Administration:				
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund				
	93.596	15-16-87-9067-01; 15-16-87-9067-02; 15-16-EK-9067-01	512,502	-
Head Start	93.600	05-CH01090-01-00, 05CH010190-02-01	2,068,884	-
Passed-through Indiana Housing and Community Development Authority:				
Assets for Independence Demonstration Program	93.602	IDA-012-025	3,709	-
<i>Total United States Department of Health and Human Services</i>			<u>4,119,913</u>	<u>-</u>
<i>Total expenditures of federal awards</i>			<u>5,671,472</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS**  
Year Ended December 31, 2016

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<u>Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<b>Nonfederal Assistance:</b>				
<i>State of Indiana Mortgage Foreclosure Multi-State Settlement Fund:</i>				
Passed-Through Indiana Housing and Community Development Authority:				
Indiana Home Energy Assistance Program (State EAP)	N/A	IR-016-022, IR-016-022	42,054	-
Indiana Home Energy Assistance Program (State LIHEAP)	N/A	WS-016-022, WS-017-022	38,228	-
<i>Total State EAP and LIHEAP Programs</i>			80,282	-
 <i>Indiana State Department of Health:</i>				
Division of Nutrition and Physical Activity:				
Early Care and Education Physical Activity Grant	N/A	14825	16,646	-
<i>Total expenditures of nonfederal awards</i>			96,928	-
<i>Total expenditures of federal and nonfederal awards</i>			\$ 5,768,400	\$ -

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The accompanying notes are an integral part of this schedule.

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS**  
Year Ended December 31, 2016

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**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and nonfederal awards (the "Schedule") includes the federal and nonfederal award activities of Southeastern Indiana Economic Opportunity Corporation. 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.

The Indiana Housing and Community Development Authority ("IHCDA") makes energy assistance payments for participants in the Low Income Home Energy Assistance Program directly to the energy providers on behalf of entities administering the program. 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 \$766,829, are included in federal expenditures in the accompanying Schedule. IHCDA also makes such payments under the Indiana Home Energy Assistance Program, a nonfederal award. Such payments made by IHCDA to providers, totaling \$39,980, are included in nonfederal expenditures in the accompanying Schedule.

The value of food commodities distributed under Emergency Food Assistance Program, CFDA #10.569, totaling \$93,706 is included in federal expenditures in the accompanying Schedule. In 2016, 76,158 pounds of such commodities were distributed. The commodities are valued based on information provided by U.S. Department of Agriculture.



**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, Inc. (the “Organization”), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated September 20, 2017.

**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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 20, 2017

**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's major federal programs for the year ended December 31, 2016. 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; and 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, 2016.

## 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 a 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.

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 20, 2017

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2016

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**Section I - Summary of Auditor's Results**

*FINANCIAL STATEMENTS*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America-	Unmodified
Internal control over financial reporting-	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

*FEDERAL AWARDS*

Internal control over major federal programs-	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major federal programs-	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs-

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Choice Voucher Cluster: Section 8 Housing Choice Vouchers
93.568	Low-Income Home Energy Assistance

Dollar threshold used to distinguish between type A and type B programs-	\$750,000
Auditee qualified as low-risk auditee?	No

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2016

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**Section II - Financial Statement Findings**

There were no financial statement findings.

**Section III – Federal Award Findings and Questioned Costs**

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



Southeastern Indiana Economic Opportunity Corporation

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### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no findings in the December 31, 2015 audit.



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