



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B50792

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)


September 6, 2018

Board of Directors  
North Central Community Action Agencies, Inc.  
301 East 8<sup>th</sup> St.  
Michigan City, IN 46360

We have reviewed the report prepared by North Central Community Action Agencies, Inc. and opined upon by Cullar & Associates, PC, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of North Central Community Action Agencies, Inc. as of December 31, 2017 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.

  
Paul D. Joyce, CPA  
State Examiner

*FINANCIAL AND COMPLIANCE REPORT*

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**

December 31, 2017 and 2016

## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION .....	1-2
FINANCIAL STATEMENTS	
Statements of financial position .....	3
Statements of activities .....	4
Statements of functional expenses .....	5-6
Statements of cash flows .....	7
Notes to financial statements .....	8-12
SUPPLEMENTARY INFORMATION	
Schedule of expenditures of federal and nonfederal awards .....	13
Notes to schedule of expenditures of federal and nonfederal awards .....	14
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	15-16
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE .....	17-18
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	19
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS .....	20



**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

To the Board of Directors  
North Central Community Action Agencies, Inc.  
Michigan City, Indiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of North Central Community Action Agencies, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, 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 North Central Community Action Agencies, Inc. as of December 31, 2017 and 2016, 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 August 20, 2018, on our consideration of North Central Community Action Agencies, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 North Central Community Action Agencies, Inc.'s internal control over financial reporting and compliance.

*Cullen & Associates, P.C.*

South Bend, Indiana  
August 20, 2018

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

---

<b>Assets:</b>	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and cash equivalents	\$ 254,995	\$ 355,231
Grants and contributions receivable	<u>175,161</u>	<u>125,450</u>
<i>Total current assets</i>	<u>430,156</u>	<u>480,681</u>
 Property and Equipment	 <u>288,627</u>	 <u>278,835</u>
 <i>Total assets</i>	 <u>\$ 718,783</u>	 <u>\$ 759,516</u>
 <b>Liabilities and Net Assets:</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 78,645	\$ 105,757
Deferred revenue	<u>11,605</u>	<u>19,428</u>
<i>Total current liabilities</i>	<u>90,250</u>	<u>125,185</u>
 Net Assets:		
Unrestricted	588,500	597,573
Temporarily restricted	<u>40,033</u>	<u>36,758</u>
<i>Total net assets</i>	<u>628,533</u>	<u>634,331</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 718,783</u>	 <u>\$ 759,516</u>

---

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

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2017 and 2016

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>Revenues, Support, and Gains:</b>						
Grants and contracts	\$ 3,688,062	\$ 65,330	\$ 3,753,392	\$ 3,777,071	\$ 10,000	\$ 3,787,071
Contributions	1,534	21,204	22,738	4,130	-	4,130
Noncash contributions	12,000	-	12,000	-	-	-
Other income	710	-	710	6,200	-	6,200
Interest income	127	-	127	135	-	135
Net assets released from restrictions	83,259	(83,259)	-	19,277	(19,277)	-
<i>Total revenues, support, and gains</i>	<u>3,785,692</u>	<u>3,275</u>	<u>3,788,967</u>	<u>3,806,813</u>	<u>(9,277)</u>	<u>3,797,536</u>
<b>Expenses:</b>						
Energy assistance	1,987,869	-	1,987,869	2,121,127	-	2,121,127
Weatherization	1,134,400	-	1,134,400	1,195,607	-	1,195,607
Housing	13,762	-	13,762	12,332	-	12,332
Youth programs	13,944	-	13,944	14,199	-	14,199
Ramp program	53,594	-	53,594	-	-	-
Vision program	4,218	-	4,218	-	-	-
Community agencies support	57,450	-	57,450	57,450	-	57,450
<i>Total program service expenses</i>	<u>3,265,237</u>	<u>-</u>	<u>3,265,237</u>	<u>3,400,715</u>	<u>-</u>	<u>3,400,715</u>
Administrative and general	528,973	-	528,973	460,224	-	460,224
Fundraising	555	-	555	764	-	764
<i>Total expenses</i>	<u>3,794,765</u>	<u>-</u>	<u>3,794,765</u>	<u>3,861,703</u>	<u>-</u>	<u>3,861,703</u>
<b>Change in net assets</b>	(9,073)	3,275	(5,798)	(54,890)	(9,277)	(64,167)
Net assets, beginning of year	<u>597,573</u>	<u>36,758</u>	<u>634,331</u>	<u>652,463</u>	<u>46,035</u>	<u>698,498</u>
<i>Net assets, end of year</i>	<u>\$ 588,500</u>	<u>\$ 40,033</u>	<u>\$ 628,533</u>	<u>\$ 597,573</u>	<u>\$ 36,758</u>	<u>\$ 634,331</u>

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

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2017

	Energy <u>Assistance</u>	<u>Weatherization</u>	<u>Housing</u>	Youth <u>Programs</u>	Ramp <u>Program</u>	Vision <u>Program</u>	Community Agencies <u>Support</u>	Administrative <u>and General</u>	Fund- <u>raising</u>	<u>Totals</u>
Salaries and wages	\$ 99,508	\$ 297,990	\$ 53	\$ 4,523	\$ -	\$ 1,440	\$ -	\$ 357,965	\$ 180	\$ 761,659
Employee benefits	539	33,634	-	-	-	-	-	51,880	-	86,053
Payroll taxes	9,524	25,729	4	487	-	162	-	29,585	14	65,505
Direct benefits	1,800,840	646,660	11,866	5,848	-	-	-	25	361	2,465,600
Training	286	2,709	-	-	-	-	-	230	-	3,225
Contracts	25,400	-	-	-	-	-	57,450	-	-	82,850
Occupancy	16,327	12,349	1,008	-	-	50	-	17,283	-	47,017
Telephone	4,280	8,833	-	-	-	-	-	5,057	-	18,170
Postage	825	-	-	-	-	26	-	725	-	1,576
Equipment and supplies	9,859	27,472	-	2,086	51,947	1,303	-	15,275	-	107,942
Professional fees	427	829	24	-	-	-	-	14,860	-	16,140
Conferences and travel	4,493	31,687	-	-	1,647	1,220	-	2,319	-	41,366
Insurance	8,755	16,106	807	-	-	-	-	8,175	-	33,843
Dues and subscriptions	1,544	3,351	-	-	-	-	-	1,543	-	6,438
Depreciation	-	12,055	-	-	-	-	-	16,632	-	28,687
Other	5,262	14,996	-	1,000	-	17	-	7,419	-	28,694
<i>Totals</i>	<u>\$ 1,987,869</u>	<u>\$ 1,134,400</u>	<u>\$ 13,762</u>	<u>\$ 13,944</u>	<u>\$ 53,594</u>	<u>\$ 4,218</u>	<u>\$ 57,450</u>	<u>\$ 528,973</u>	<u>\$ 555</u>	<u>\$ 3,794,765</u>

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

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2016

	Energy <u>Assistance</u>	Weatherization	Housing	Youth <u>Programs</u>	Community Agencies <u>Support</u>	Administrative and General	Fund- raising	<u>Totals</u>
Salaries and wages	\$ 93,561	\$ 275,262	\$ 2,153	\$ 4,880	\$ -	\$ 302,275	\$ 700	\$ 678,831
Employee benefits	559	41,674	178	-	-	39,504	-	81,915
Payroll taxes	10,043	21,815	193	615	-	27,696	64	60,426
Direct benefits	1,932,157	674,960	6,559	6,485	-	1,725	-	2,621,886
Training	154	4,260	-	-	-	154	-	4,568
Contracts	26,000	-	-	-	57,450	-	-	83,450
Occupancy	14,228	13,698	2,311	-	-	15,156	-	45,393
Telephone	4,053	8,621	-	-	-	4,608	-	17,282
Postage	2,825	23	6	-	-	632	-	3,486
Equipment and supplies	12,051	95,566	209	1,219	-	10,435	-	119,480
Professional fees	113	163	-	-	-	14,113	-	14,389
Conferences and travel	4,208	17,863	-	-	-	4,590	-	26,661
Insurance	6,851	16,462	723	-	-	15,296	-	39,332
Dues and subscriptions	1,555	3,262	-	-	-	1,432	-	6,249
Depreciation	-	9,826	-	-	-	18,395	-	28,221
Other	12,769	12,152	-	1,000	-	4,213	-	30,134
<i>Totals</i>	<u>\$ 2,121,127</u>	<u>\$ 1,195,607</u>	<u>\$ 12,332</u>	<u>\$ 14,199</u>	<u>\$ 57,450</u>	<u>\$ 460,224</u>	<u>\$ 764</u>	<u>\$ 3,861,703</u>

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

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2017 and 2016

---

<b>Change in Cash and Cash Equivalents:</b>	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (5,798)	\$ (64,167)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Noncash contributions	(12,000)	-
Depreciation	28,687	28,221
Change in assets and liabilities:		
Grants and contributions receivable	(49,711)	87,567
Prepaid expenses	-	9,254
Accounts payable and accrued liabilities	(27,112)	5,933
Deferred revenue	(7,823)	-
<i>Net cash provided by (used in) operating activities</i>	<u>(73,757)</u>	<u>66,808</u>
Cash Flows from Investing Activities:		
Purchase of equipment	<u>(26,479)</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	(100,236)	66,808
Cash and cash equivalents, beginning of year	<u>355,231</u>	<u>288,423</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 254,995</u>	<u>\$ 355,231</u>
<i>Supplemental Cash Flows Information:</i>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Noncash contribution for purchase of equipment	<u>\$ 12,000</u>	<u>\$ -</u>

---

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

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

---

**NOTE 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

North Central Community Action Agencies, Inc. (the "Organization") is an Indiana nonprofit corporation that administers programs providing assistance to low-income persons in North Central 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.

An estimate that is particularly susceptible to change in the near-term is 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 federal and State 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.

The costs of providing the programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. 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.

*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.

*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.

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

---

*Grants and contributions:*

The majority of the Organization's revenue is earned under cost-reimbursement awards from government 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 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 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 market value. No contributed services were recognized as revenue in either 2017 or 2016.

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 \$1,799,140 and \$1,925,243 of revenue and expense in 2017 and 2016, respectively, for such payments made by IHCDA.

*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 as follows:

Rental properties .....	15-20 years
Neighborhood centers .....	20 years
Vehicles .....	7-10 years
Playground equipment .....	7 years
Office furniture and equipment.....	5-7 years

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

---

*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. Consequently, the accompanying financial statements 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, 2017 or 2016, 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 2014.

*Subsequent events information:*

The date through which events occurring subsequent to December 31, 2017 have been evaluated for possible adjustment to the financial statements or disclosure is August 20, 2018, 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, 2017, the Organization had received approximately \$1,500,000 of conditional promises to give in excess of allowable costs incurred under cost-reimbursement awards. Such promises will be recognized as revenue if and when allowable costs are incurred.

**NOTE 3. PROPERTY AND EQUIPMENT**

The cost of property and equipment and the related accumulated depreciation are as follows at December 31, 2017 and 2016, respectively:

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

---

	<u>2017</u>	<u>2016</u>
Land	\$ 6,500	\$ 6,500
Rental properties	95,835	95,835
Neighborhood centers	242,747	242,747
Vehicles	175,878	137,399
Office furniture and equipment	<u>68,962</u>	<u>68,962</u>
	589,922	551,443
Less accumulated depreciation	<u>(301,295)</u>	<u>(272,608)</u>
<i>Net property and equipment</i>	<u>\$ 288,627</u>	<u>\$ 278,835</u>

In 2008, management decided to discontinue its rental programs because they are outside the Organization's core mission and to transfer the properties to another nonprofit organization whose mission involves low-income and transitional housing. Because of the change in the expected useful life of the properties, the depreciable lives were changed in 2008 such that the properties would be fully depreciated by the expected date of the transfer. In August 2011, three of the four rental properties were transferred to another nonprofit organization. In 2012, management decided to retain the remaining property, which has a net book value of \$6,500.

All of the Organization's vehicles have 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 they are acquired.

**NOTE 4. DEBT**

The Organization maintained an unsecured \$20,000 line of credit facility with a local bank that expired in March 2017. There were no outstanding borrowings on the line at December 31, 2016.

**NOTE 5. NET ASSETS INFORMATION**

Temporarily restricted net assets are available for the following purposes at December 31, 2017 and 2016, respectively:

	<u>2017</u>	<u>2016</u>
Community Centers	\$ 18,492	\$ 16,836
Refrigerators, blower motors, installation	8,419	19,922
Youth programs	600	-
Ramp fund	10,240	-
Vision Center	<u>2,282</u>	<u>-</u>
<i>Total temporarily restricted net assets</i>	<u>\$ 40,033</u>	<u>\$ 36,758</u>

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

---

Net assets were released from restrictions by satisfying purpose restrictions as follows for the years ended December 31, 2017 and 2016, respectively:

	<u>2017</u>	<u>2016</u>
Community Centers	\$ 2,344	\$ 4,198
Refrigerator purchases and blower motor installs	11,503	5,079
Youth programs	11,600	10,000
Ramp fund	53,644	-
Vision Center	<u>4,168</u>	<u>-</u>
<i>Total net assets released from restrictions</i>	<u>\$ 83,259</u>	<u>\$ 19,277</u>

**NOTE 6. LEASE INFORMATION**

The Organization leases facilities under a non-cancelable operating lease expiring in October 2018. Minimum future rental payments under this lease as of December 31, 2017 are \$22,172, all of which are due in 2018. Total rent expense for all leases was \$32,354 and \$36,911 for the years ended December 31, 2017 and 2016, respectively.

**NOTE 7. CONCENTRATIONS**

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash and grants and contributions receivable. At December 31, 2017, the Organization had cash on deposit with a financial institution that exceeded the federal deposit insurance limit by approximately \$13,000. Also, at December 31, 2017, all grants and contributions receivable are due from Indiana Housing and Community Development Authority.

All of the Organization's programs and activities occur in Jasper, LaPorte, Newton, Starke, Porter, and Pulaski counties, Indiana. Consequently, its sources of support and revenue may be affected by conditions in that area. In addition, approximately 97% and 99% of total revenues for the years ended December 31, 2017 and 2016, respectively, were earned on awards from Indiana Housing and Community Development Authority.

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS**  
Year Ended December 31, 2017

<u>Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided Through to Subrecipients</u>	<u>Total Expenditures</u>
<b>FEDERAL ASSISTANCE</b>				
<i>Department of Housing and Urban Development Programs:</i>				
Passed-through City of Michigan City:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	B-13-MC-18-0022 A-1 B-17-MC-18-0022	\$ -	\$ 9,000
<i>Department of Energy Programs:</i>				
Passed-through Indiana Housing and Community Development Authority:				
Weatherization Assistance for Low-Income Persons	81.042	WX-017-017 & WX-016-017	-	428,101
<i>Department of Health and Human Services Programs:</i>				
Passed-through Indiana Housing and Community Development Authority:				
Low-Income Home Energy Assistance	93.568	LI-018-018 & LI-017-017	25,400	1,942,572
Low-Income Home Energy Assistance	93.568	WL 018-017 & WL-017-017	-	768,273
<i>Total Low-Income Home Energy Assistance</i>			25,400	2,710,845
Community Services Block Grant	93.569	CS-017-017	57,450	307,725
<i>Total Department of Health and Human Services programs</i>			82,850	3,018,570
<i>Department of Homeland Security Programs:</i>				
Passed-Through Emergency Food and Shelter National Board:				
Emergency Food and Shelter National Board Program	97.024	LRO-009-E9	-	2,866
<b>Total expenditures of federal awards</b>			<b>\$ 82,850</b>	<b>\$ 3,458,537</b>
<b>NONFEDERAL ASSISTANCE</b>				
<i>Indiana Housing and Community Development Authority Programs:</i>				
Indiana Home Energy Assistance Program	n/a	IR-018-018 & IR-017-017	\$ -	\$ 105,129
Indiana Home Energy Assistance Program	n/a	WS--18-17 & WS-017-017	-	122,192
<b>Total expenditures of nonfederal awards</b>			<b>\$ -</b>	<b>\$ 227,321</b>

The accompanying notes are an integral part of this schedule.

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS**  
Year Ended December 31, 2017

---

**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 North Central Community Action Agencies, Inc. under programs of the federal and Indiana government for the year ended December 31, 2017. 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 this Schedule presents only a selected portion of the operations of North Central Community Action Agencies, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of North Central Community Action Agencies, Inc.

**NOTE 2. SUMMARY OF 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.

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 \$1,696,608, 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 \$102,532, are included in nonfederal expenditures in the accompanying Schedule.

**NOTE 3. INDIRECT COST RATES**

North Central Community Action Agencies, Inc. has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**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  
North Central Community Action Agencies, Inc.  
Michigan City, 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 North Central Community Action Agencies, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2017, 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 August 20, 2018.

**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  
August 20, 2018



**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  
North Central Community Action Agencies, Inc.  
Michigan City, Indiana

**Report on Compliance for Each Major Federal Program**

We have audited North Central Community Action Agencies, Inc.'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 North Central Community Action Agencies, Inc.'s major federal programs for the year ended December 31, 2017. North Central Community Action Agencies, Inc.'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 North Central Community Action Agencies, Inc.'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* (the "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 North Central Community Action Agencies, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of North Central Community Action Agencies, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, North Central Community Action Agencies, Inc. 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, 2017.

## Report on Internal Control over Compliance

Management of North Central Community Action Agencies, Inc. 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 North Central Community Action Agencies, Inc.'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 North Central Community Action Agencies, Inc. 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.

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  
August 20, 2018

**NORTH CENTRAL COMMUNITY ACTION AGENCIES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2017

---

**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 the 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>
93.568	Low-Income Home Energy Assistance

Dollar threshold used to distinguish between type A and type B programs- \$750,000

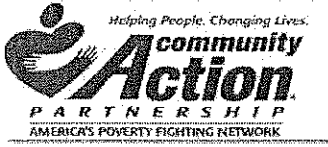
Auditee qualified as low-risk auditee? Yes

**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.



North Central Community  
Action Agencies Inc.  
301 E. 8<sup>th</sup> Street  
Michigan City, IN 46360  
Telephone: (219)872-0351 Fax: (219)872-0174



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2017**

There were no findings in the December 31, 2016 audit.

