



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B50874

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 21, 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, 2017 to December 31, 2017. 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, 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*  
Paul D. Joyce, CPA  
State Examiner

*FINANCIAL AND COMPLIANCE REPORT*

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**

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.....	8-13	
 SUPPLEMENTARY INFORMATION		
Schedule of expenditures of federal and nonfederal awards .....	14-15	
Notes to schedule of expenditures of federal and nonfederal awards .....	16	
 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> .....		17-18
 INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....		19-20
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	21-22	
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS .....	23	



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

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, 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 Southeastern Indiana Economic Opportunity Corporation 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 September 19, 2018, 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 19, 2018

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2017 and 2016

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<b>Assets:</b>	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and cash equivalents	\$ 90,461	\$ 170,414
Grants and contributions receivable	405,806	238,194
Cash held in escrow for employee benefits	74,164	-
Prepaid expenses	<u>10,296</u>	<u>39,614</u>
<i>Total current assets</i>	<u>580,727</u>	<u>448,222</u>
 Property and Equipment	 <u>192,487</u>	 <u>200,036</u>
 <i>Total assets</i>	 <u>\$ 773,214</u>	 <u>\$ 648,258</u>
 <b>Liabilities and Net Assets:</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 228,936	\$ 247,264
Accrued employee benefits	<u>74,164</u>	<u>-</u>
<i>Total current liabilities</i>	<u>303,100</u>	<u>247,264</u>
 Net Assets:		
Unrestricted	303,291	232,123
Temporarily restricted	<u>166,823</u>	<u>168,871</u>
<i>Total net assets</i>	<u>470,114</u>	<u>400,994</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 773,214</u>	 <u>\$ 648,258</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, 2017 and 2016

	2017			2016		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Totals</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Totals</u>
<b>Revenues, Gains, and Other Support</b>						
Grants and contracts	\$ 5,959,293	\$ 112,624	\$ 6,071,917	\$ 5,675,869	\$ 84,899	\$ 5,760,768
Contributions:						
Cash	10,337	68,274	78,611	1,395	56,528	57,923
Materials and supplies	89,482	-	89,482	81,774	-	81,774
Services	127,903	-	127,903	79,360	-	79,360
Facilities	109,509	-	109,509	113,712	-	113,712
Net assets released from restrictions	182,946	(182,946)	-	52,827	(52,827)	-
<i>Total revenues, gains, and other support</i>	<u>6,479,470</u>	<u>(2,048)</u>	<u>6,477,422</u>	<u>6,004,937</u>	<u>88,600</u>	<u>6,093,537</u>
<b>Expenses:</b>						
Head Start	2,428,511	-	2,428,511	2,390,795	-	2,390,795
Child Care Referral	888,726	-	888,726	553,179	-	553,179
Weatherization	459,569	-	459,569	394,126	-	394,126
Energy Assistance	712,497	-	712,497	928,513	-	928,513
Housing	1,298,362	-	1,298,362	1,215,171	-	1,215,171
Other programs	338,573	-	338,573	338,026	-	338,026
<i>Total program service expenses</i>	<u>6,126,238</u>	<u>-</u>	<u>6,126,238</u>	<u>5,819,810</u>	<u>-</u>	<u>5,819,810</u>
Management and general	282,064	-	282,064	272,020	-	272,020
<i>Total expenses</i>	<u>6,408,302</u>	<u>-</u>	<u>6,408,302</u>	<u>6,091,830</u>	<u>-</u>	<u>6,091,830</u>
<b>Change in net assets</b>	71,168	(2,048)	69,120	(86,893)	88,600	1,707
Net assets, beginning of year	232,123	168,871	400,994	319,016	80,271	399,287
<i>Net assets, end of year</i>	<u>\$ 303,291</u>	<u>\$ 166,823</u>	<u>\$ 470,114</u>	<u>\$ 232,123</u>	<u>\$ 168,871</u>	<u>\$ 400,994</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, 2017

	<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	\$ 1,310,500	\$ 627,736	\$ 116,042	\$ 71,907	\$ 82,625	\$ 204,918	\$ 241,108	\$ 2,654,836
Direct benefits	26,909	56,964	277,701	612,663	1,188,732	8,290	-	2,171,259
Travel	37,337	39,450	101	650	801	1,997	46	80,382
Occupancy	324,954	27,414	20,381	8,736	4,526	22,436	695	409,142
Communications	31,020	11,487	3,463	2,194	1,031	2,445	179	51,819
Postage	3,321	1,897	680	2,329	1,933	667	24	10,851
Supplies and materials	219,062	12,829	7,892	1,599	1,535	71,088	75	314,080
Contributed services	127,903	-	-	-	-	-	-	127,903
Food	174,966	-	-	-	-	519	-	175,485
Training and education	40,236	64,044	1,255	619	677	5,858	685	113,374
Contracted services	98,749	17,106	10,602	9,072	14,918	15,622	2,007	168,076
Insurance	24,231	6,678	7,606	2,065	1,257	3,455	822	46,114
Professional fees	-	-	-	-	-	-	19,900	19,900
Equipment	-	14,339	1,000	-	-	-	-	15,339
Printing and promotion	1,424	4,535	12	151	2	13	1	6,138
Other	4,200	2,435	12,532	286	99	661	15,842	36,055
Depreciation	3,699	1,812	302	226	226	604	680	7,549
<i>Totals</i>	<u>\$ 2,428,511</u>	<u>\$ 888,726</u>	<u>\$ 459,569</u>	<u>\$ 712,497</u>	<u>\$ 1,298,362</u>	<u>\$ 338,573</u>	<u>\$ 282,064</u>	<u>\$ 6,408,302</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**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2017 and 2016

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<b>Change in Cash and Cash Equivalents:</b>	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 69,120	\$ 1,707
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,549	7,351
Changes in assets and liabilities:		
Grants and contributions receivable	(167,612)	13,788
Prepaid expenses	29,318	(30,194)
Accounts payable and accrued liabilities	(18,328)	94,272
Deferred revenue	-	(7,722)
<i>Net cash provided by (used in) operating activities</i>	(79,953)	79,202
Cash Flows from Investing Activities:		
Purchase of property and equipment	-	(10,062)
<b>Net change in cash and cash equivalents</b>	(79,953)	69,140
Cash and cash equivalents, beginning of year	170,414	101,274
<i>Cash and cash equivalents, end of year</i>	\$ 90,461	\$ 170,414
 <i>Supplemental Cash Flows Information:</i>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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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 that is committed to community development and providing services to families in Southeastern Indiana. The Organization is dedicated to helping people help themselves and each other. 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, fundraising 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, 2017 and 2016

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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 \$612,663 and \$806,809 of revenue and expense for such payments made by IHCDA for the years ended December 31, 2017 and 2016, respectively.

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

Contributed materials and supplies are recognized as revenue based on estimated fair value. The Organization received \$89,482 and \$81,774 of contributed materials and supplies for the years ended December 31, 2017 and 2016, 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, 2017 and 2016, the Organization

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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received 65,058 and 76,158 pounds, respectively, of food product under this program with estimated values of \$82,757 and \$94,708, 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, 2017 and 2016 are \$127,903 and \$79,360, respectively, primarily for the Organization's Head Start program. In addition, for the years ended December 31, 2017 and 2016, the Organization received approximately \$180,000 and \$232,000, 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, 2017 and 2016, the Organization recognized \$109,509 and \$113,712, 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 \$1,683 and \$3,542 for the years ended December 31, 2017 and 2016, respectively.

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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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, 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:*

The date through which events occurring subsequent to December 31, 2017 have been evaluated for possible adjustment to the financial statements or disclosure is September 19, 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 \$3,200,000 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, 2017 and 2016, respectively:

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
Land	\$ 21,200	\$ 21,200
Building	226,462	226,462
Transportation equipment	<u>223,254</u>	<u>223,254</u>
	470,916	470,916
Less accumulated depreciation	<u>(278,429)</u>	<u>(270,880)</u>
<i>Net property and equipment</i>	<u>\$ 192,487</u>	<u>\$ 200,036</u>

**NOTE 4. 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>
Client assistance and family services	\$ 13,001	\$ 8,746
Head Start and education	7,045	7,494
Child care resource and referral	<u>146,777</u>	<u>152,631</u>
<i>Total temporarily restricted net assets</i>	<u>\$ 166,823</u>	<u>\$ 168,871</u>

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

Client assistance and family services	\$ 8,429	\$ 2,442
Head Start and education	448	21,886
Child care resource and referral	<u>174,069</u>	<u>28,499</u>
<i>Total net assets released from restrictions</i>	<u>\$ 182,946</u>	<u>\$ 52,827</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, 2017 for each of the next three years and in the aggregate are as follows:

2018	\$ 167,731
2019	47,868
2020	<u>12,800</u>
<i>Total minimum future rental commitments</i>	<u>\$ 228,399</u>

Total rent expense for all leases was \$216,482 and \$209,330 for the years ended December 31, 2017 and 2016, respectively.

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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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 \$45,684 and \$36,985 for the years ended December 31, 2017 and 2016, 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, 2017 and 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, 2017 and 2016, approximately 78% and 90%, respectively, is due from agencies of the State of Indiana, and approximately 21% and 10%, respectively, 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, 2017 and 2016, approximately 93% and 95%, respectively, of total revenues were earned from governmental grants and contracts, with approximately 43% and 49%, respectively, earned from grants and contracts with Indiana Housing and Community Development Authority, approximately 33% and 35%, respectively, earned from U.S. Department of Health and Human Services for the Organization's Head Start program, and approximately 12% earned from grants and contracts with Indiana Family & Social Services Administration.

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION**  
**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 Agriculture:</i>				
Passed-Through Indiana State Department of Education: Child and Adult Care Food Program	10.558	1150030	\$ -	\$ 108,327
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	-	82,757
<b>Total Department of Agriculture</b>			-	191,084
<i>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-016-0XX, HCV-018-018	-	1,312,651
<i>Department of Energy:</i>				
Passed-through Indiana Housing and Community Development Authority: Weatherization Assistance for Low-Income Persons	81.042	WX-016-022, WX-017-022	-	177,663
<i>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	-	72,124
Passed-through Indiana Housing and Community Development Authority: Low-Income Home Energy Assistance	93.568	LI-017-022, LI-018-022	-	687,477
Low-Income Home Energy Assistance	93.568	WL-017-022, WL-018-022	-	233,467
<i>Total Low-Income Home Energy Assistance</i>			-	920,944
Community Services Block Grant	93.569	CS-017-CO-02, CS-017-022	-	285,762
Passed-through Indiana Family & Social Services Administration: CCDF Cluster: Child Care and Development Block Grant	93.575	15-16-87-9067-02; 15-16-87-9067-03; 22853	-	649,122
Head Start	93.600	05CH010190-02-01, 05CH010190-03-00	-	2,134,948
Passed-through Indiana Family & Social Services Administration: Passed-through Health and Hospital Corporation of Marion County: Passed-through Covering Kids & Families of Indiana, Inc.: Medicaid Cluster: Medical Assistance Program	93.778	n/a	-	93,343
<b>Total Department of Health and Human Services</b>			-	4,156,243
<b>Total expenditures of federal awards</b>			\$ -	\$ 5,837,641

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, 2017

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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>Provided Through to Subrecipients</u>	<u>Total Expenditures</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-017-022, IR-018-022	\$ -	\$ 31,568
Indiana Home Energy Assistance Program (State LIHEAP)	N/A	WS-017-022, WS-018-022	-	61,232
<i>Total State EAP and LIHEAP Programs</i>			-	92,800
 <i>Indiana Family &amp; Social Services Administration:</i>				
Early Care and Education Physical Activity Grant	N/A	15-16-EK-9067; 15-16- EK-9067-02; 22853	-	63,986
<b>Total expenditures of nonfederal awards</b>			<b>\$ -</b>	<b>\$ 156,786</b>

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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, 2017

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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 under programs of the federal and Indiana governments 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 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. 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, CFDA #93.568, 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 \$582,333, 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 \$30,330, are included in nonfederal expenditures in the accompanying Schedule.

The value of food commodities distributed under Emergency Food Assistance Program, CFDA #10.569, totaling \$82,757 is included in federal expenditures in the accompanying Schedule. In 2017, 65,058 pounds of such commodities were distributed. The commodities are valued based on information provided by U.S. Department of Agriculture.

**NOTE 3. INDIRECT COST RATES**

Southeastern Indiana Economic Opportunity Corporation 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  
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, 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 September 19, 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 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 19, 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  
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, 2017. 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, 2017.

## 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 19, 2018

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2017

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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>
93.575	CCDF Cluster: Child Care and Development Block Grant
93.600	Head Start

Dollar threshold used to distinguish between type A and type B programs-	\$750,000
Auditee qualified as low-risk auditee?	Yes

**SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2017

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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.

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

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