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December 14, 2020

Board of Directors
Community Action of Southern Indiana, Inc.
1613 E. 8th Street
Jeffersonville, IN 47130

We have received the audit report of Community Action of Southern Indiana, Inc., which was opined upon by Deming, Malone, Livesay & Ostroff, Independent Public Accountants, for the period April 1, 2015 to March 31, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Community Action of Southern Indiana, Inc. as of March 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings in the report on pages 26-28. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on pages 31-32.

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**COMMUNITY ACTION OF
SOUTHERN INDIANA, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended March 31, 2016 and 2015

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Independent Auditors' Report

To the Board of Directors
Community Action of Southern Indiana, Inc.
Jeffersonville, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Community Action of Southern Indiana, Inc. (CASI) (a not-for-profit corporation), which comprise the statements of financial position as of March 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the 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.

Auditors' 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 audits 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 auditors' 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 CASI as of March 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

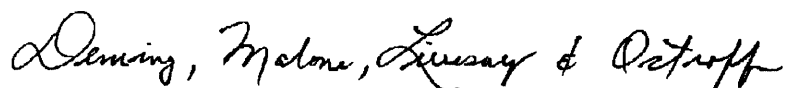
Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of revenue and expenses regarding the Head Start Programs on pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on pages 19 and 20, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Schedule of Findings and Questioned Costs and the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance are replacing previously issued reports. We submitted the original reports reporting a material weakness over compliance due to the late filing of the Data Collection Form (Finding 2016-002) when in our judgement is considered a significant deficiency.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2017, on our consideration of CASI'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 CASI's internal control over financial reporting and compliance.



Louisville, Kentucky

May 24, 2017, except for revision of finding described in the paragraph above as to which date is August 23, 2018.

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2016 and 2015

Assets	<u>2016</u>	<u>2015</u>
Cash	\$ 468,622	\$ 549,375
Certificate of deposit		9,000
Grants receivable	380,338	403,673
Prepaid expenses and other	2,510	3,011
Property and equipment, net	<u>147,537</u>	<u>192,120</u>
Total assets	<u><u>\$ 999,007</u></u>	<u><u>\$ 1,157,179</u></u>
 Liabilities and Net Assets		
Accounts payable	\$ 268,714	\$ 292,126
Accrued expenses	257,765	246,693
Deferred revenue	<u>114,599</u>	<u>113,113</u>
Total liabilities	<u>641,078</u>	<u>651,932</u>
 Net Assets (Deficit)		
Unrestricted	(105,994)	8,000
Temporarily restricted	<u>463,923</u>	<u>497,247</u>
Total net assets	<u>357,929</u>	<u>505,247</u>
Total liabilities and net assets	<u><u>\$ 999,007</u></u>	<u><u>\$ 1,157,179</u></u>

See Notes to Financial Statements.

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

STATEMENTS OF ACTIVITIES
Years Ended March 31, 2016 and 2015

	2016		
	Unrestricted	Temporarily Restricted	Total
Revenues and other support			
Grants and contributions	\$ 8,678,735	\$ 1,126	\$ 8,679,861
In-kind contributions	702,436		702,436
Miscellaneous income	21,113		21,113
Rental income	25,264		25,264
Fundraising	25,309		25,309
Interest	203		203
	9,453,060	1,126	9,454,186
Net assets released from restriction	34,450	(34,450)	
	9,487,510	(33,324)	9,454,186
Expenses			
Head Start	2,342,586		2,342,586
Child Education (EHS)	747,103		747,103
Self-sufficiency	155,402		155,402
Drug prevention			
Housing assistance and rehabilitation	1,406,024		1,406,024
Energy assistance	3,551,778		3,551,778
Weatherization	370,415		370,415
Community Services Administration			
Administrative and general	1,028,196		1,028,196
	9,601,504		9,601,504
(Decrease) increase in total net assets	(113,994)	(33,324)	(147,318)
Net assets (deficit) - beginning of year	8,000	497,247	505,247
Net assets (deficit) - end of year	\$ (105,994)	\$ 463,923	\$ 357,929

See Notes to Financial Statements.

2015

Unrestricted	Temporarily Restricted	Total
\$ 7,779,055	\$ 7,076	\$ 7,786,131
748,435		748,435
20,301		20,301
22,611		22,611
6,424		6,424
251		251
<u>8,577,077</u>	7,076	8,584,153
<u>7,732</u>	<u>(7,732)</u>	
8,584,809	(656)	8,584,153
2,413,504		2,413,504
767,460		767,460
65,472		65,472
71,419		71,419
1,639,569		1,639,569
2,431,570		2,431,570
393,804		393,804
23,054		23,054
<u>678,987</u>		<u>678,987</u>
<u>8,484,839</u>		<u>8,484,839</u>
99,970	(656)	99,314
<u>(91,970)</u>	<u>497,903</u>	<u>405,933</u>
<u>\$ 8,000</u>	<u>\$ 497,247</u>	<u>\$ 505,247</u>

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended March 31, 2016 and 2015

2016

	Head Start	Child Education	Self-Sufficiency	Housing Assistance & Rehabilitation	Energy Assistance	Weatherization	Program Total	Admin and General	Total
Salaries and benefits	\$1,325,403	\$416,070	\$ 54,760	\$ 66,176	\$ 266,091	\$ 126,609	\$ 2,255,109	\$ 535,823	\$2,790,932
Professional fees/services	32,427	38,236	5,354	3,183	29,250	1,413	109,863	135,625	245,488
Contracted services	17,539	11,036	3,231		33,319	207,212	272,337	38,601	310,938
Materials and supplies	6,436	33,989	5,428	2,883	15,126	2,283	66,145	44,446	110,591
Food and meals	172,854	787					173,641		173,641
Building rental and maintenance	157,836	26,850	9,167	1,426	28,835	2,859	226,973	42,690	269,663
Equipment rental and maintenance	15,406	3,821	1,931	3,300	4,759	2,785	32,002	14,376	46,378
Occupancy - utilities	4,031	6,342					10,373	75,944	86,317
Building and property insurance	21,451	6,550	854	847	2,734	3,920	36,356	6,827	43,183
Telephone	7,910	5,212	586	915	3,204	651	18,478	10,428	28,906
Postage	1,051	429	660	1,614	1,161	167	5,082	3,286	8,368
Public relations and printing	4,177	311	57	181	330	86	5,142	12,402	17,544
Travel and meetings	33,463	27,166	2,762	2,871	5,354	5,104	76,720	33,574	110,294
Dues and memberships	4,719	825	231		1,287	506	7,568	6,327	13,895
Direct assistance	4,832	94	70,310	1,322,628	3,160,328	16,820	4,575,012	6,363	4,581,375
Depreciation								58,894	58,894
Other expenses			71				71	2,590	2,661
In-kind expense	533,051	169,385					702,436		702,436
	<u>\$2,342,586</u>	<u>\$ 747,103</u>	<u>\$ 155,402</u>	<u>\$ 1,406,024</u>	<u>\$ 3,551,778</u>	<u>\$ 370,415</u>	<u>\$ 8,573,308</u>	<u>\$ 1,028,196</u>	<u>\$ 9,601,504</u>

2015

	Head Start	Child Education	Self-Sufficiency	Drug Prevention	Housing Assistance & Rehabilitation	Energy Assistance	Weatherization	Community Services Administration	Program Total	Admin and General	Total
Salaries and benefits	\$ 1,207,884	\$ 468,096	\$ 41,928	\$ 36,218	\$ 81,913	\$ 187,224	\$ 128,402	\$ 22,202	\$ 2,173,867	\$ 303,906	\$ 2,477,773
Professional fees/services	50,958	2,347	10,949	4,913	1,468	14,186	2,288	152	87,261	100,879	188,140
Contracted services	16,229	12,220	2,360	70	2,662	108,402	222,526		364,469	24,337	388,806
Materials and supplies	93,617	4,542	1,330	2,607	2,843	2,561	1,201	275	108,976	11,653	120,629
Food and meals	203,017	1,330			224				204,571	275	204,846
Building rental and maintenance	203,725	36,294	5,379	2,211	5,106	10,160	3,841		266,716	38,963	305,679
Equipment rental and maintenance	14,815	16,812	2,884		442	4,184	6,507	311	45,955	10,774	56,729
Occupancy - utilities	8,445	10,208							18,653	61,494	80,147
Building and property insurance	2,921	1,081					2,237		6,239	25,359	31,598
Telephone	15,062	4,628			563	1,720	1,284		23,257	12,552	35,809
Postage	3,978	791	343		2,404	1,852	68	31	9,467	798	10,265
Public relations and printing	1,465	969							2,434	171	2,605
Travel and meetings	29,092	30,583	210	2,133	8,439	1,721	3,641		75,819	7,568	83,387
Dues and memberships	10,408	1,310	21	258	159	576	209	83	13,024	10,018	23,042
Direct assistance	2,678				1,533,346	2,098,984	21,600		3,656,608	4,258	3,660,866
Depreciation										65,145	65,145
Other expenses			68	33					101	837	938
In-kind expense	549,210	176,249		22,976					748,435		748,435
	<u>\$ 2,413,504</u>	<u>\$ 767,460</u>	<u>\$ 65,472</u>	<u>\$ 71,419</u>	<u>\$ 1,639,569</u>	<u>\$ 2,431,570</u>	<u>\$ 393,804</u>	<u>\$ 23,054</u>	<u>\$ 7,805,852</u>	<u>\$ 678,987</u>	<u>\$ 8,484,839</u>

See Notes to Financial Statements.

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Cash received from contributions, grants, and others	\$ 8,777,696	\$ 7,652,942
Cash paid to clients, vendors, and employees	(8,853,341)	(7,636,090)
Interest income received	<u>203</u>	<u>252</u>
Net cash (used in) provided by operating activities	<u>(75,442)</u>	<u>17,104</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(14,311)	(42,672)
Proceeds received from microloans		11,772
Proceeds from redemption of certificates of deposit	<u>9,000</u>	<u> </u>
Net cash used in investing activities	<u>(5,311)</u>	<u>(30,900)</u>
Net decrease in cash	(80,753)	(13,796)
Cash and cash equivalents, beginning of year	<u>549,375</u>	<u>563,171</u>
Cash and cash equivalents, end of year	<u>\$ 468,622</u>	<u>\$ 549,375</u>

See Notes to Financial Statements.

	<u>2016</u>	<u>2015</u>
Reconciliation of Net (Decrease) Increase in Total Net Assets to Net Cash (Used in) Provided by Operating Activities		
Net (decrease) increase in total net assets	<u>\$ (147,318)</u>	<u>\$ 99,314</u>
Adjustments to reconcile net (decrease) increase in total net assets to net cash (used in) provided by operating activities:		
Depreciation	58,894	65,145
Allowance for doubtful accounts	1,328	3,349
Change in assets and liabilities:		
(Increase) decrease in:		
Receivables	23,335	(161,510)
Prepaid expenses	(827)	39,715
Increase (decrease) in:		
Accounts payable	(23,412)	29,995
Accrued expenses	11,072	(34,543)
Deferred revenue	<u>1,486</u>	<u>(24,361)</u>
Total adjustments	<u>71,876</u>	<u>(82,210)</u>
Net cash (used in) provided by operating activities	<u><u>\$ (75,442)</u></u>	<u><u>\$ 17,104</u></u>

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations:

Community Action of Southern Indiana, Inc. (CASI) was established in 1965 to develop and provide resources for the purpose of assisting low-income individuals through a variety of programs in Clark, Floyd, and Harrison counties in Indiana.

During the years ended March 31, 2016 and 2015, CASI was actively involved in:

- Head Start
- Child Education
- Self-Sufficiency
- Housing Assistance and Rehabilitation
- Energy Assistance
- Weatherization

CASI receives funding from many organizations, but its primary sources of revenue are state and federal government grants.

Summary of significant accounting policies:

This summary of significant accounting policies of CASI is presented to assist in understanding CASI's financial statements. The financial statements are representations of CASI's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Cash:

For purposes of the statements of cash flows, CASI considers all unrestricted and undesignated cash to be cash.

Receivables:

The valuation of receivables is based upon a detailed analysis of past due accounts and the history of uncollectible accounts. Estimated uncollectible accounts increase the allowance for doubtful accounts, and when receivables are written off, the allowance for doubtful accounts is decreased. The allowance account balance as of March 31, 2016 and 2015 was approximately \$60,000 and \$58,000, respectively.

Property and equipment:

Property and equipment in excess of \$5,000 are recorded at cost if purchased, or at fair value if donated. Gain or loss on retirements or disposition of assets is charged to operations, and respective costs and accumulated depreciation are eliminated from the accounts.

Depreciation is provided on the estimated useful lives of the assets using the straight-line method as follows:

	<u>Years</u>
Furniture and equipment	3-15
Vehicles	5
Leasehold improvements	15

Temporarily restricted net assets:

Temporarily restricted net assets are those whose uses by CASI have been limited by donors to a specific time-period or purpose. When the donor restriction expires, or a 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 restriction. A donor restricted contribution is reported as an increase in unrestricted net assets if the restriction expires in the fiscal year in which the entire contribution is received.

NOTES TO FINANCIAL STATEMENTS

Compensated absences:

Employees of CASI are entitled to paid leave, including vacation and sick, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future sick leave and, accordingly, no liability has been recorded in the accompanying financial statements. CASI's policy is to recognize the costs of sick leave when actually paid to employees.

Donations other than cash:

Donations other than cash are recorded at their fair value as of the date of donation. Donated services must meet the specific expertise requirements and would normally have been purchased before they are recorded. Donations of long-lived assets with explicit restrictions that specify how the assets are to be used and donations of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, CASI reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income tax status:

CASI is exempt from federal, state, and local income taxes as a not-for-profit corporation as described under Internal Revenue Code Section 501(c)(3). CASI files informational tax returns in the U.S. federal and state of Indiana jurisdictions. However, income from certain activities not directly related to CASI's tax-exempt purpose may be subject to taxation as unrelated business income. Management does not believe that CASI had unrelated business income for the years ended March 31, 2016 and 2015. As of March 31, 2016 and 2015, CASI did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

NOTES TO FINANCIAL STATEMENTS

Newly issued standards not yet effective:

The Financial Accounting Standards Board (FASB) has issued accounting standard No. 2014-09, *Revenue from Contracts with Customers*, concerning the accounting for revenue recognition, which is effective for years beginning after December 15, 2018 (per No. 2015-14); No. 2016-02, *Leases*, concerning the accounting for leases effective for years beginning after December 15, 2019; and No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*, effective for years beginning after December 15, 2017. CASI is evaluating the impact that adoption of these standards will have on future financial position and results of operations.

Subsequent events:

Subsequent events have been evaluated through May 24, 2017, which is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Grants Receivable and Revenue

CASI's grant receivable and related revenue collection activities for the years ended March 31, 2016 and 2015 consist of the following:

<u>Grantor/Program Title</u>	<u>Grants Receivable 3/31/15</u>	<u>Grant Revenue 3/31/16</u>	<u>Collections 3/31/16</u>	<u>Grants Receivable 3/31/16</u>
<i>U.S. Department of Agriculture</i>				
Child and Adult Care Food Program	\$ 13,309	\$ 136,600	\$ (138,112)	\$ 11,797
<i>U.S. Department of Energy</i>				
Weatherization Assistance	16,676	118,465	(77,407)	57,734
<i>HHS</i>				
CSBG	30,449	310,346	(299,721)	41,074
LIHEAP – energy assistance	52,531	2,307,294	(2,335,729)	24,096
Head Start	189,897	2,171,094	(2,232,574)	128,417
Early Head Start	38,481	675,569	(630,213)	83,837
LIHEAP – weatherization assistance	43,343	244,429	(264,391)	23,381
<i>State and Other Programs</i>				
State Energy Assistance – State		85,661	(85,661)	
State Energy Assistance - Healthy Homes		6,000		6,000
Navigator	18,987	113,289	(132,276)	
WX Wood Stove		9,055	(9,055)	
Minority Health Initiative	<u> </u>	<u>4,002</u>	<u> </u>	<u>4,002</u>
Totals	<u>\$403,673</u>	<u>\$6,181,804</u>	<u>\$(6,205,139)</u>	<u>\$380,338</u>

NOTES TO FINANCIAL STATEMENTS

<u>Grantor/Program Title</u>	Grants Receivable <u>3/31/14</u>	Grant Revenue <u>3/31/15</u>	Collections <u>3/31/15</u>	Grants Receivable <u>3/31/15</u>
<i>U.S. Department of Agriculture</i>				
Child and Adult Care Food Program	\$ 12,623	\$ 133,148	\$ (132,462)	\$ 13,309
<i>U.S. Department of Energy</i>				
Weatherization Assistance	24,914	145,481	(153,719)	16,676
<i>HHS</i>				
CSBG	49,221	186,137	(204,909)	30,449
LIHEAP – energy assistance	83,879	2,248,691	(2,280,039)	52,531
Head Start		2,152,406	(1,962,509)	189,897
Early Head Start	3,222	694,460	(659,201)	38,481
LIHEAP – weatherization assistance	56,001	279,551	(292,209)	43,343
<i>State and Other Programs</i>				
Weatherization – State		92,855	(92,855)	
Navigator	8,813	70,839	(60,665)	18,987
WX Wood Stove	<u>3,491</u>	<u> </u>	<u>(3,491)</u>	<u> </u>
Totals	<u>\$242,164</u>	<u>\$6,003,568</u>	<u>\$(5,842,059)</u>	<u>\$403,673</u>

Note 3. Loans Receivable

CASI operates a Micro-Loan grant program that provides loans to low-income business owners. The loans are repayable on an installment basis over various payment terms. Interest rates range from 6% to 8%. Repaid loans and interest are used by CASI for additional loans.

NOTES TO FINANCIAL STATEMENTS

Note 4. Property and Equipment, Net

CASI's property and equipment consisted of the following at March 31, 2016 and 2015:

	2016		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Building improvements	\$ 609,335	\$549,579	\$ 59,756
Equipment	177,529	121,752	55,777
Vehicles	<u>222,729</u>	<u>190,725</u>	<u>32,004</u>
Total	<u>\$1,009,593</u>	<u>\$862,056</u>	<u>\$147,537</u>
	2015		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Building improvements	\$609,335	\$507,733	\$101,602
Equipment	163,217	113,238	49,979
Vehicles	<u>222,729</u>	<u>182,190</u>	<u>40,539</u>
Total	<u>\$995,281</u>	<u>\$803,161</u>	<u>\$192,120</u>

Depreciation expense for the years ended March 31, 2016 and 2015 was \$58,894 and \$65,145, respectively.

Note 5. Deferred Revenue

As of March 31, 2016 and 2015, deferred revenue of \$114,599 and \$113,113, respectively, consisted of Department of Housing and Urban Development - Section 8 program advances for the April 2016 and 2015 rentals, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 6. In-kind Contributions

The Head Start and Drug-Free grants administered by CASI during the years ended March 31, 2016 and 2015 required CASI to attain minimum levels of matching funds. The majority of the matching funds consisted of "in-kind" donations of professional services and other tangible products. These matching funds totaled \$702,436 and \$748,435 for the years ended March 31, 2016 and 2015, respectively, and are included on the statements of activities.

Note 7. Employee Retirement Plan

CASI offers a 401(k) retirement plan. Employees must have completed one year of full-time employment to be eligible. CASI contributes 1% of employee compensation for the year for all eligible participants. Contributions made by CASI for the years ended March 31, 2016 and 2015 were approximately \$12,000 and \$24,000, respectively.

Note 8. Leases

CASI leases its corporate office from the City of Jeffersonville, Indiana. The lease for the facility called for monthly payments of \$15,000 through March 31, 2015. As of April 1, 2015, the lease was renewed through December 31, 2015 and the monthly lease amount was decreased to \$7,500. Effective January 1, 2016, the lease was on a month-to-month basis with monthly rental payments of \$7,500 during negotiations. A new 10-year lease agreement was established in January 2017 with monthly lease payments of \$7,917 with annual 3% increases through December 31, 2026.

CASI entered into a lease agreement with Whalen Brothers on September 10, 2010 in Sellersburg and Henryville, Indiana. The lease calls for monthly payments of \$1,325 for classroom space in part of a building. The lease expired on August 31, 2015. On September 1, 2015, the lease agreement was renegotiated for an additional 36 months. The monthly lease payment increased to \$2,868. The increase was due to an expansion in square footage obtained by CASI. The monthly lease payment will increase \$50 annually.

NOTES TO FINANCIAL STATEMENTS

CASI entered into a lease agreement on August 1, 2010 for an offsite Head Start location in Underwood, Indiana. The lease calls for monthly payments of \$700 for 60 months. The lease expired in July 2015 and the classroom was relocated to Sellersburg.

CASI entered into a lease agreement on January 1, 2010 for an offsite Early Head Start location in Sellersburg, Indiana. The lease calls for monthly payments of \$2,000 per month. The lease expired on December 31, 2015 and the classroom was moved to the Jeffersonville facility.

CASI entered into a lease agreement in December, 2014 with the Greater Clark County School System for an offsite Early Head Start location at Pleasant Ridge Elementary School with monthly rent payments of \$1,700 expiring in June 2018.

CASI leases its copiers. CASI entered into a lease agreement on November 19, 2013, with monthly rent payments of \$444 expiring in March 2019.

Lease expense for the years ended March 31, 2016 and 2015 totaled \$136,893 and \$150,325, respectively. Lease expense is included in equipment rental and maintenance on the statements of functional expenses.

Future minimum lease payments are as follows:

Year ending March 31, 2017	\$ 149,947
2018	133,184
2019	115,023
2020	101,116
Thereafter	<u>738,545</u>
Total	<u>\$1,237,815</u>

Note 9. Concentration of Cash

CASI maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At March 31, 2016, CASI's uninsured cash balance totaled approximately \$52,000.

NOTES TO FINANCIAL STATEMENTS

Note 10. Changes in Temporarily Restricted Net Assets

Changes in temporarily restricted net assets during the years ended March 31, 2016 and 2015 were as follows:

<u>Restricted for</u>	<u>Balance 3-31-15</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>Balance 3-31-16</u>
PNC Foundation award	\$ 2,725			\$ 2,725
IDA bank account program	302,358		\$(32,450)	269,908
Grassroots scholarships	8,224			8,224
EDA program	21,797			21,797
Community Bank project	7,683			7,683
Microloan program	153,554	\$ 1,126	(2,000)	152,680
Other special projects	<u>906</u>	<u> </u>	<u> </u>	<u>906</u>
	<u>\$497,247</u>	<u>\$ 1,126</u>	<u>\$(34,450)</u>	<u>\$463,923</u>

<u>Restricted for</u>	<u>Balance 3-31-14</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>Balance 3-31-15</u>
PNC Foundation award	\$ 2,515	\$ 210		\$ 2,725
IDA bank account program	308,858		\$ (6,500)	302,358
Grassroots scholarships	4,758	4,698	(1,232)	8,224
EDA program	19,629	2,168		21,797
Community Bank project	7,683			7,683
Microloan program	153,554			153,554
Other special projects	<u>906</u>	<u> </u>	<u> </u>	<u>906</u>
	<u>\$497,903</u>	<u>\$ 7,076</u>	<u>\$ (7,732)</u>	<u>\$497,247</u>

Note 11. Reclassifications

Certain amounts on the financial statements for 2015 were reclassified to correspond with captions used for 2016, with no effect on previously reported total net assets or changes in total net assets.

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

HEAD START PROGRAM

GRANT NO. 05CH8312/03

STATEMENTS OF REVENUE AND EXPENSES

Program Years Ended March 31, 2016 and 2015

	2016			
	Head Start Start Admin	Head Start PA 22	Head Start PA 20	Total
Revenue				
Grant award	\$ 86,226	\$ 2,056,504	\$ 28,364	\$ 2,171,094
Crusade grant				
Child care food program		136,600		136,600
Miscellaneous income		1,475	150	1,625
In-kind contributions		533,106	(55)	533,051
Total revenue	<u>86,226</u>	<u>2,727,685</u>	<u>28,459</u>	<u>2,842,370</u>
Expenses				
Salaries and benefits	58,499	1,266,904		1,325,403
Professional fees/services	308	27,919	4,200	32,427
Contracted services		17,539		17,539
Materials and supplies	2,441	3,995		6,436
Food and meals		172,854		172,854
Building rental and maintenance	5,744	152,093		157,837
Equipment rental and maintenance		15,406		15,406
Occupancy - utilities		4,031		4,031
Building and property insurance	944	20,506		21,450
Telephone	500	7,410		7,910
Postage		1,047	4	1,051
Public relations and printing	51	4,126		4,177
Travel and meetings		9,914	23,549	33,463
Dues and memberships	221	4,397	101	4,719
In-kind expense		533,106	(55)	533,051
Health and disability expense		4,172	660	4,832
Corporate allocations	5,340	261,451		266,791
Main office allocations	12,178	220,815		232,993
Total expenses	<u>86,226</u>	<u>2,727,685</u>	<u>28,459</u>	<u>2,842,370</u>
Excess of revenue over expenses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

2015

<u>Head Start Start Admin</u>	<u>Head Start PA 22</u>	<u>Head Start PA 20</u>	<u>Total</u>
\$ 142,212	\$ 1,981,780	\$ 28,414	\$ 2,152,406
	1,836		1,836
	133,148		133,148
	838		838
	<u>549,155</u>	<u>55</u>	<u>549,210</u>
<u>142,212</u>	<u>2,666,757</u>	<u>28,469</u>	<u>2,837,438</u>
105,640	1,102,244		1,207,884
8,712	31,556	10,689	50,957
	16,229		16,229
4,212	86,995	2,410	93,617
177	202,839		203,016
6,030	197,696		203,726
45	14,769		14,814
	8,445		8,445
	2,922		2,922
	15,062		15,062
201	3,777		3,978
	1,465		1,465
278	14,921	13,893	29,092
	8,987	1,422	10,409
	549,155	55	549,210
	2,678		2,678
16,898	195,183		212,081
19	211,834		211,853
<u>142,212</u>	<u>2,666,757</u>	<u>28,469</u>	<u>2,837,438</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

HEAD START PROGRAM

GRANT NO. 05CH8312/03

STATEMENTS OF REVENUE AND EXPENSES

Program Years Ended March 31, 2016 and 2015

	2016			Total
	Early Head Start Admin	Early Head Start PA 22	Early Head Start PA 20	
Revenue				
Grant award	\$ 50,764	\$ 608,488	\$ 16,317	\$ 675,569
In-kind contributions		169,385		169,385
Total revenue	<u>50,764</u>	<u>777,873</u>	<u>16,317</u>	<u>844,954</u>
Expenses				
Salaries and benefits	39,276	376,794		416,070
Professional fees/services	289	37,247	700	38,236
Contracted services		8,036	3,000	11,036
Materials and supplies	137	32,953	899	33,989
Food and meals		787		787
Building rental and maintenance	581	26,269		26,850
Equipment rental and maintenance	423	3,398		3,821
Occupancy - utilities		6,342		6,342
Building and property insurance	560	5,990		6,550
Telephone	345	4,867		5,212
Postage		429		429
Public relations and printing	35	276		311
Travel and meetings	274	15,425	11,467	27,166
Dues and memberships		574	251	825
In-kind expense		169,385		169,385
Health and disability expense		94		94
Corporate allocations	8,844	76,935		85,779
Main office allocations		12,072		12,072
Total expenses	<u>50,764</u>	<u>777,873</u>	<u>16,317</u>	<u>844,954</u>
Excess of revenue over expenses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

2015

Early Head Start Admin	Early Head Start PA 22	Early Head Start PA 20	Total
\$ 56,725	\$ 621,116	\$ 16,619	\$ 694,460
	174,928	1,320	176,248
<u>56,725</u>	<u>796,044</u>	<u>17,939</u>	<u>870,708</u>
49817	418,279		468,096
1347	800	200	2,347
294	8,936	2,990	12,220
176	4,366		4,542
	1,330		1,330
	34,231	2,062	36,293
311	16,502		16,813
	10,208		10,208
	1,081		1,081
	4,628		4,628
82	711		793
	969		969
194	19,021	11,367	30,582
350	959		1,309
	174,928	1,320	176,248
4,154	86,223		90,377
	12,872		12,872
<u>56,725</u>	<u>796,044</u>	<u>17,939</u>	<u>870,708</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

SUPPLEMENTARY INFORMATION

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended March 31, 2016

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Indiana State Department of Health Child Care Food Program	10.558		\$ <u>136,600</u>
U.S. Department of Housing and Urban Development			
Indiana Housing and Community Development Authority Housing Choice Voucher Program	14.871		<u>1,444,340</u>
U.S. Department of Energy			
Indiana Housing and Community Development Authority Weatherization for Low Income Persons	81.042		<u>112,096</u>
U.S. Department of Health and Human Services			
Head Start	93.600		2,171,094
Early Head Start	93.600		<u>675,569</u>
Total Head Start Cluster			<u>2,846,663</u>
Indiana Housing and Community Development Authority Community Services Block Grant	93.569	\$35,032	246,389
Community Services Block Grant	93.569		<u>63,957</u>
Total Community Services Block Grant Cluster			<u>310,346</u>
Low-Income Home Energy Assistance	93.568		2,126,778
	93.568		1,238,188
	93.568		135,574
	93.568		<u>108,855</u>
Total Low-Income Home Energy Assistance			<u>3,609,395</u>
Total U.S. Department of Health and Human Services		<u>35,032</u>	<u>6,766,404</u>
Total expenditures of federal awards		<u>\$35,032</u>	<u>\$8,459,440</u>

The accompanying notes are an integral part of this schedule.

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended March 31, 2016

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of CASI under programs of the federal government for the year ended March 31, 2016. The information in this 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 CASI, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CASI.

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. CASI has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under Uniform Guidance.



**Independent Auditors' 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
Community Action of Southern Indiana, Inc.
Jeffersonville, 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 Community Action of Southern Indiana, Inc. (CASI) (a not-for-profit corporation) which comprise the statement of financial position as of March 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CASI'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 CASI's internal control. Accordingly, we do not express an opinion on the effectiveness of CASI'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; therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. 2016-001.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether CASI'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*.

CASI's Response to Findings

CASI's response to the findings identified in our audit is described in the accompany schedule of findings and questioned costs. CASI's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Louisville, Kentucky
May 24, 2017



**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance
(As Reissued)**

To the Board of Directors
Community Action of Southern Indiana, Inc.
Jeffersonville, Indiana

Report on Compliance for Each Major Federal Program

We have audited CASI'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 CASI's major federal programs for the year ended March 31, 2016. CASI's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CASI'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* (CFR) 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 CASI'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 CASI's compliance.

Opinion on Each Major Federal Programs

In our opinion, CASI 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 March 31, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

CASI's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs.

CASI's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance is replacing a previously issued report. We submitted the original report reporting a material weakness over compliance due to the late filing of the Data Collection Form (Finding 2016-002) when in our judgement is a significant deficiency. Based on our judgement, the late filing of the Data Collection Form did not have a material effect on the compliance of each major program tested.

Report on Internal Control Over Compliance

Management of CASI 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 CASI'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 CASI's internal control over compliance.

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

a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, we did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-002 that we consider to be a significant deficiency.

CASI's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. CASI's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

A handwritten signature in cursive script that reads "Deming, Malone, Lunsay & Petroff".

Louisville, Kentucky
August 23, 2018

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(AS REISSUED)

Year Ended March 31, 2016

Section I – Summary of Auditors’ Results

1. The auditors’ report expresses an unmodified opinion on whether the financial statements of CASI were prepared in accordance with GAAP.
2. Internal control over financial reporting:
 - Material weakness identified? Yes No
 - Significant deficiency identified? Yes None reported
3. No instances of noncompliance material to the financial statements of CASI which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. Internal control over major programs:
 - Material weakness identified? Yes No
 - Significant deficiency identified? Yes None reported
5. The auditors’ report on compliance for the major federal programs of CASI expresses an unmodified opinion on all major federal awards.
6. The audit disclosed audit *findings* required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs audited as major programs were:

Federal CFDA Number

Name of Major Federal Program

U.S. Department of Health and Human Services:

93.568

Low-Income Home Energy Assistance

93.600

Head Start and Early Head Start

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended March 31, 2016

Section II – Financial Statement Findings

Finding No. 2016-001: Accounting and Financial Reporting Activities

Criteria: An organization should have adequately trained staff to accurately and timely record transactions in the accounting records, reconcile general ledger accounts, and prepare accurate interim financial reports for review by management.

Statement of Condition: Community Action of Southern Indiana, Inc. (CASI) experienced a significant and unexpected loss throughout 2013 and 2014 of key management and administrative staff, including the former CEO and CFO. As a result, there was a significant deterioration in CASI's ability to timely manage the accounting process and perform various normal routine accounting and financial reporting activities, including the ability to timely process accounting transactions; post transactions to the general ledger; reconcile general ledger account balances; timely perform single audit and other related accounting and administrative duties as would be normally required in an efficient and accurate accounting and financial reporting system.

CASI, at a minimum, did keep current on basic accounting and administrative functions, including the payment of accounts payable, the processing of payroll, the billing for services, and the ongoing administration of the various programs and services, but CASI continued to lack the ability to reconcile general ledger accounts and timely perform the single audit.

In late 2014, CASI hired a new CFO and CEO and during the following months, CASI was able to hire additional qualified managers and administrative staff. Through their hard work, the accounting records have been substantially caught-up and reconciled in order to prepare for the audit of the financial statements for the years ended March 31, 2016 and 2015, and the staff and management are diligently addressing and resolving current operational matters.

Cause of Condition: The inability of CASI to process and post accounting transactions and prepare timely, accurate financial reports was due to a significant loss of management and leadership staff and the inability to replace them in a timely manner.

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended March 31, 2016

Effect of Condition: The effect of the loss of a significant part of their management and administrative team prevented CASI from addressing many of the accounting and administrative aspects of the financial process and processing and posting transactions in the accounting records in a timely manner, and also prevented the reconciliation of general ledger accounts and timely performance of the single audit.

Recommendation: CASI should continually evaluate the staffing level and training needs of its departments to insure adequate and qualified staffing. We noted that the organization has hired new management and administrative staff and has substantially caught up and reconciled its financial records.

Views of Responsible Officials: Management agrees with the finding and has been diligently working to implement the recommendation.

Section III – Federal Award Findings and Questioned Costs

Department of Health and Human Services

Significant Deficiency

Finding No. 2016-002: Low-Income Home Energy Assistance, CFDA 93.568 and Head Start and Early Head Start Program, CFDA 93.600

Criteria: In accordance with the contract agreements and the Uniform Guidance, the Data Collection Form is required to be filed within nine months after year end.

Statement of Condition: Data Collection Form was not filed within nine months after year end.

Cause of Condition: CASI delayed the audit due to lack of staffing as indicated in Finding 2016-001.

Effect of Condition: CASI did not meet the requirement of timely filing the Data Collection Form; therefore, their subsequent audit will be considered a high-risk audit.

Recommendation: CASI should complete the Data Collection Form within the requirements set forth by the Uniform Guidance.

Views of Responsible Officials: Management agrees with the finding and has been diligently working to implement the recommendation.

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended March 31, 2016

Finding No. 2015-01: Accounting and Financial Reporting Activities

Criteria: An organization should have adequately trained staff in order to accurately and timely record transactions in the accounting records, reconcile general ledger accounts, and prepare accurate interim financial reports for review by management.

Statement of Condition: Community Action of Southern Indiana, Inc. (CASI) experienced a significant and unexpected loss throughout 2013 and 2014 of key management and administrative staff, including the former CEO and CFO. As a result, there was a significant deterioration in CASI's ability to timely manage the accounting process and perform various normal routine accounting and financial reporting activities, including the ability to timely process accounting transactions; post transactions to the general ledger; reconcile general ledger account balances; timely performance of single audit and other related accounting and administrative duties as would be normally required in an efficient and accurate accounting and financial reporting system.

CASI, at a minimum, did keep current on basic accounting and administrative functions, including the payment of accounts payable, the processing of payroll, the billing for services, and the ongoing administration of the various programs and services, but CASI continued to lack the ability to reconcile general ledger accounts and timely perform the single audit.

In late 2014, CASI hired a new CFO and CEO and during the following months, CASI was able to hire additional qualified managers and administrative staff. Through their hard work, the accounting records have been substantially caught-up and reconciled in order to prepare for the audit of the financial statements for the years ended March 31, 2015 and 2014, and the staff and management are diligently addressing and resolving current operational matters.

Cause of Condition: The inability of CASI to process and post accounting transactions and prepare timely accurate financial reports was due to a significant loss of management and administrative staff and the inability to replace them in a timely manner.

Effect of Condition: The effect of the loss of a significant part of their management and administrative team prevented CASI from addressing many of the accounting and administrative aspects of the financial process and processing and posting transactions in the accounting records in a timely manner, and also prevented the reconciliation of general ledger accounts and timely performance of the single audit.

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended March 31, 2015

Recommendation: CASI should continually evaluate the staffing and training needs of its departments to insure adequate and qualified staffing. We noted that CASI has hired new management and administrative staff and has substantially caught up and reconciled its financial records.

Current Status: Management is in the process of implementation.

Department of Health and Human Services
Department of Housing and Urban Development

Finding No. 2015-02: Section 8 Housing Voucher Program, CFDA 14.871 and Head Start and Early Head Start Program, CFDA 93.600

Criteria: In accordance with the contract agreements and the Uniform Guidance, the Data Collection Form is required to be filed within nine months after year end.

Statement of Condition: Data Collection Form was not filed within nine months after year end.

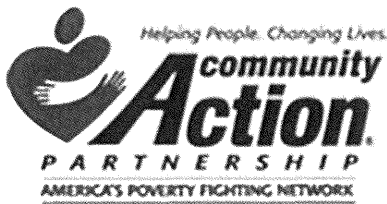
Cause of Condition: CASI delayed the audit due to lack of staffing as indicated in Finding 2015-001.

Effect of Condition: CASI did not meet the requirement of timely filing the Data Collection Form; therefore, their subsequent audit will be considered a high-risk audit.

Recommendation: CASI should complete the Data Collection Form within the requirements set forth by the Uniform Guidance.

Current Status: Management is in the process of implementation.

Community Action of Southern Indiana, Inc.



COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

CORRECTIVE ACTION PLAN

Year Ended March 31, 2016

U.S. Department of Health and Human Services:

Community Action of Southern Indiana, Inc. (CASI) respectfully submits the following **corrective action plan** for the year ended March 31, 2016.

Independent public accounting firm:

Deming, Malone, Livesay & Ostroff
9300 Shelbyville Road, Suite 1100
Louisville, Kentucky 40222

Audit Period: Year ended March 31, 2016

The findings from the March 31, 2016 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding – Financial Statement Audit

Material Weakness

Finding 2016-001:

Recommendation: CASI should continually evaluate the staffing needs of its accounting and administrative departments to ensure adequate staffing.

Action Taken: CASI has evaluated the staffing needs of its accounting and administrative departments and based on our evaluation we have hired several full-time accounting and administrative staff to ensure our staffing is adequate to perform timely reconciliations and reporting of financial information. We have also begun cross-training our staff in the event of any future staff losses.

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

CORRECTIVE ACTION PLAN

Year Ended March 31, 2016

Finding – Federal Award Program Audits

U.S. Department Of Health And Human Services

Finding 2016-002:

Significant Deficiency

Recommendation: CASI should complete the Data Collection Form within the requirements set forth by the Uniform Guidance.

Action Taken: CASI will be submitting the Data Collection Forms upon completion of the audits.

If the U.S. Department of Health and Human Services has questions regarding this plan, please call Phil Ellis at (812) 288-6451.

Sincerely yours,

Phil Ellis
Executive Director
Community Action of Southern Indiana, Inc.