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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, 2016 to March 31, 2017. 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, 2017 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, CPA  
State Examiner

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Years Ended March 31, 2017 and 2016**

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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, 2017 and 2016, 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, 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.

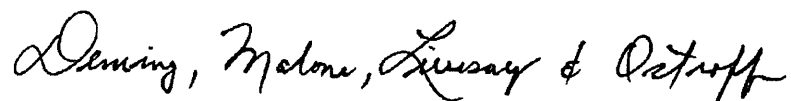
## **Other Matters**

### *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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2018, 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 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 CASI'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 CASI's internal control over financial reporting and compliance.



Louisville, Kentucky  
February 15, 2018

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2017 and 2016

<b>Assets</b>	<u>2017</u>	<u>2016</u>
Cash	\$ 346,390	\$ 468,622
Grants receivable	596,775	380,338
Prepaid expenses and other	11,116	2,510
Property and equipment, net	<u>99,941</u>	<u>147,537</u>
<b>Total assets</b>	<u><u>\$ 1,054,222</u></u>	<u><u>\$ 999,007</u></u>
 <b>Liabilities and Net Assets</b>		
Accounts payable	\$ 357,046	\$ 268,714
Accrued expenses	264,985	257,765
Deferred revenue	<u>                    </u>	<u>114,599</u>
<b>Total liabilities</b>	<u>622,031</u>	<u>641,078</u>
 <b>Net Assets (Deficit)</b>		
Unrestricted	(25,460)	(105,994)
Temporarily restricted	<u>457,651</u>	<u>463,923</u>
<b>Total net assets</b>	<u>432,191</u>	<u>357,929</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 1,054,222</u></u>	<u><u>\$ 999,007</u></u>

See Notes to Financial Statements.

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

**STATEMENTS OF ACTIVITIES**  
Years Ended March 31, 2017 and 2016

	2017		
	Unrestricted	Temporarily Restricted	Total
<b>Revenues and other support</b>			
Grants and contributions	\$ 7,772,136		\$ 7,772,136
In-kind contributions	711,217		711,217
Miscellaneous income	11,008		11,008
Rental income	23,434		23,434
Fundraising	15,737		15,737
<b>Revenues and other support</b>	8,533,532		8,533,532
Net assets released from restriction	6,272	\$ (6,272)	
<b>Total revenues and other support</b>	8,539,804	(6,272)	8,533,532
<b>Expenses</b>			
Head Start	2,369,881		2,369,881
Child Education	758,357		758,357
Self-sufficiency	168,185		168,185
Housing assistance and rehabilitation	1,473,161		1,473,161
Energy assistance	2,314,876		2,314,876
Weatherization	442,396		442,396
Administrative and general	932,414		932,414
<b>Total expenses</b>	8,459,270		8,459,270
Increase (decrease) in total net assets	80,534	(6,272)	74,262
Net assets (deficit) - beginning of year	(105,994)	463,923	357,929
Net assets (deficit) - end of year	\$ (25,460)	\$ 457,651	\$ 432,191

See Notes to Financial Statements.

2016		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 8,678,735	\$ 1,126	\$ 8,679,861
702,436		702,436
21,316		21,316
25,264		25,264
<u>25,309</u>		<u>25,309</u>
9,453,060	1,126	9,454,186
<u>34,450</u>	<u>(34,450)</u>	
9,487,510	(33,324)	9,454,186
2,342,586		2,342,586
747,103		747,103
155,402		155,402
1,406,024		1,406,024
3,551,778		3,551,778
370,415		370,415
<u>1,028,196</u>		<u>1,028,196</u>
<u>9,601,504</u>		<u>9,601,504</u>
(113,994)	(33,324)	(147,318)
<u>8,000</u>	<u>497,247</u>	<u>505,247</u>
<u>\$ (105,994)</u>	<u>\$ 463,923</u>	<u>\$ 357,929</u>

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

**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended March 31, 2017 and 2016

2017

	Head Start	Child Education	Self-Sufficiency	Housing Assistance & Rehabilitation	Energy Assistance	Weatherization	Program Total	Admin and General	Total
Salaries and benefits	\$ 1,345,036	\$ 400,476	\$ 125,008	\$ 85,147	\$ 366,300	\$ 154,362	\$ 2,476,329	\$ 578,404	\$ 3,054,733
Professional fees/services	51,437	15,046	10,126	1,117	14,630	3,231	95,587	81,533	177,120
Contracted services	3,022	2,430	2,205		32,518	236,216	276,391	29,726	306,117
Materials and supplies	63,576	74,962	5,349	3,421	8,694	3,486	159,488	16,058	175,546
Food and meals	129,253		102				129,355		129,355
Building rental and maintenance	136,968	35,176	5,833	1,738	7,550	3,945	191,210	6,749	197,959
Equipment rental and maintenance	20,729	6,475	259	764	5,170	13,675	47,072	13,700	60,772
Occupancy - utilities	4,161						4,161	85,241	89,402
Building and property insurance	21,265	6,240	1,437	997	3,935	5,522	39,396	8,920	48,316
Telephone	4,407	4,139	1,105	1,055	4,602	1,130	16,438	9,136	25,574
Postage	923	524	319	2,879	868	361	5,874	952	6,826
Public relations and printing	2,088	697	780		966	513	5,044	11,830	16,874
Travel and meetings	39,161	21,507	6,401	2,899	9,217	3,017	82,202	7,638	89,840
Dues and memberships	7,485	18,077	1,110		646	798	28,116	9,662	37,778
Direct assistance	1,619	30	7,872	1,373,144	1,859,780	16,140	3,258,585	13,707	3,272,292
Depreciation								53,861	53,861
Other expenses	112		279				391	5,297	5,688
In-kind expense	538,639	172,578					711,217		711,217
	<u>\$ 2,369,881</u>	<u>\$ 758,357</u>	<u>\$ 168,185</u>	<u>\$ 1,473,161</u>	<u>\$ 2,314,876</u>	<u>\$ 442,396</u>	<u>\$ 7,526,856</u>	<u>\$ 932,414</u>	<u>\$ 8,459,270</u>

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>

See Notes to Financial Statements.

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

STATEMENTS OF CASH FLOWS  
Years Ended March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from contributions, grants, and others	\$ 7,491,279	\$ 8,777,899
Cash paid to clients, vendors, and employees	<u>(7,607,246)</u>	<u>(8,853,341)</u>
<b>Net cash used in operating activities</b>	<u>(115,967)</u>	<u>(75,442)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(6,265)	(14,311)
Proceeds from redemption of certificates of deposit	<u>                    </u>	<u>9,000</u>
<b>Net cash used in investing activities</b>	<u>(6,265)</u>	<u>(5,311)</u>
<b>Net decrease in cash</b>	(122,232)	(80,753)
Cash and cash equivalents, beginning of year	<u>468,622</u>	<u>549,375</u>
Cash and cash equivalents, end of year	<u><u>\$ 346,390</u></u>	<u><u>\$ 468,622</u></u>

See Notes to Financial Statements.

	<u>2017</u>	<u>2016</u>
<b>Reconciliation of Net Increase (Decrease) in Total Net Assets to Net Cash Used in Operating Activities</b>		
<b>Net increase (decrease) in total net assets</b>	<u>\$ 74,262</u>	<u>\$ (147,318)</u>
Adjustments to reconcile net increase (decrease) in total net assets to net cash used in operating activities:		
Depreciation	53,861	58,894
Allowance for doubtful accounts	992	1,328
Change in assets and liabilities:		
(Increase) decrease in:		
Receivables	(217,429)	23,335
Prepaid expenses	(8,606)	(827)
Increase (decrease) in:		
Accounts payable	88,332	(23,412)
Accrued expenses	7,220	11,072
Deferred revenue	<u>(114,599)</u>	<u>1,486</u>
Total adjustments	<u>(190,229)</u>	<u>71,876</u>
<b>Net cash used in operating activities</b>	<u><u>\$ (115,967)</u></u>	<u><u>\$ (75,442)</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, 2017 and 2016, 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 detail 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 was approximately \$60,000 for each of the years ended March 31, 2017 and 2016.

### **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, 2017 and 2016. As of March 31, 2017 and 2016, 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. 2016-14, *Presentation of Financial Statements of Not-for-profit Entities*, concerning changes on classifying net assets and preparation of financial statements. The standard is effective for years beginning after December 15, 2017.

The FASB has issued accounting standard No. 2014-09, *Revenue from Contracts with Customers*, concerning the accounting for revenue recognition. The standard is effective for years beginning after December 15, 2018.

The FASB has issued accounting standard No. 2016-02, *Leases*, concerning the accounting for leases. The standard is effective for years beginning after December 15, 2020.

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 February 15, 2018, 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, 2017 and 2016 consist of the following:

<u>Grantor/Program Title</u>	<u>Grants Receivable 3/31/16</u>	<u>Grant Revenue 3/31/17</u>	<u>Collections 3/31/17</u>	<u>Grants Receivable 3/31/17</u>
<b><i>U.S. Department of Agriculture</i></b>				
Child and Adult Care Food Program	\$ 11,797	\$ 137,099	\$ (138,888)	\$ 10,008
<b><i>U.S. Department of Energy</i></b>				
Weatherization Assistance	57,734	141,884	(199,618)	
<b><i>HHS</i></b>				
CSBG	41,074	334,375	(41,074)	334,375
LIHEAP – energy assistance	24,096	2,394,050	(2,382,910)	35,236
Head Start	128,417	2,171,094	(2,220,994)	78,517
Early Head Start	83,837	694,723	(645,787)	132,773
LIHEAP – weatherization assistance	23,381	295,133	(318,514)	
<b><i>State and Other Programs</i></b>				
State Energy Assistance – State		6,273	(6,273)	
State Energy Assistance - Healthy Homes	6,000		(6,000)	
Minority Health Initiative	<u>4,002</u>	<u>56,194</u>	<u>(54,330)</u>	<u>5,866</u>
<b>Totals</b>	<b><u>\$380,338</u></b>	<b><u>\$6,230,825</u></b>	<b><u>\$(6,014,388)</u></b>	<b><u>\$596,775</u></b>

**NOTES TO FINANCIAL STATEMENTS**

<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>
<b><i>U.S. Department of Agriculture</i></b>				
Child and Adult Care Food Program	\$ 13,309	\$ 136,600	\$ (138,112)	\$ 11,797
<b><i>U.S. Department of Energy</i></b>				
Weatherization Assistance	16,676	118,465	(77,407)	57,734
<b><i>HHS</i></b>				
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
<b><i>State and Other Programs</i></b>				
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 Healthy Initiative	_____	4,002	_____	4,002
<b>Totals</b>	<b><u>\$403,673</u></b>	<b><u>\$6,181,804</u></b>	<b><u>\$(6,205,139)</u></b>	<b><u>\$380,338</u></b>

**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, 2017 and 2016:

	2017		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Building improvements	\$ 609,336	\$583,834	\$ 25,502
Equipment	183,793	132,823	50,970
Vehicles	<u>222,728</u>	<u>199,259</u>	<u>23,469</u>
Total	<u>\$1,015,857</u>	<u>\$915,916</u>	<u>\$ 99,941</u>
	2016		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Building improvements	\$ 609,336	\$549,579	\$ 59,757
Equipment	177,528	121,752	55,776
Vehicles	<u>222,728</u>	<u>190,724</u>	<u>32,004</u>
Total	<u>\$1,009,592</u>	<u>\$862,055</u>	<u>\$147,537</u>

Depreciation expense for the years ended March 31, 2017 and 2016 was \$53,861 and \$58,894, respectively.

### Note 5. Deferred Revenue

As of March 31, 2016, deferred revenue of \$114,599 consisted of Department of Housing and Urban Development - Section 8 program advances for the April 2016 rentals. No deferred revenues were received as of March 31, 2017.

## NOTES TO FINANCIAL STATEMENTS

### **Note 6. In-kind Contributions**

The Head Start grant administered by CASI during the years ended March 31, 2017 and 2016 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 \$711,217 and \$702,436 for the years ended March 31, 2017 and 2016, 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, 2017 and 2016 were approximately \$24,000 and \$12,000, 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. On 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 \$7,918 with annual 3% increases through December 31, 2026.

CASI entered into a lease agreement with Whalen Brothers on September 1, 2015 for classroom space for a term of 36 months. The monthly lease payment is \$2,868, with monthly lease payment increases of \$50 annually.

CASI entered into a lease agreement in December 2014 with the Greater Clark County School Corporation for an offsite Early Head Start program at Pleasant Ridge Elementary School with monthly rent payments of \$1,700 expiring in May 2019.

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

## NOTES TO FINANCIAL STATEMENTS

Lease expense for the years ended March 31, 2017 and 2016 totaled \$149,947 and \$136,893, 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, 2018	\$ 145,959
2019	128,144
2020	101,116
2021	98,408
2022	99,318
Thereafter	<u>522,404</u>
Total	<u>\$1,095,349</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Changes in Temporarily Restricted Net Assets

Changes in temporarily restricted net assets during the years ended March 31, 2017 and 2016 were as follows:

<u>Restricted for</u>	<u>Balance 3-31-16</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>Balance 3-31-17</u>
PNC Foundation award	\$ 2,725		\$(1,272)	\$ 1,453
IDA bank account program	269,908		(5,000)	264,908
Grassroots scholarships	8,224			8,224
EDA program	21,797			21,797
Community Bank project	7,683			7,683
Microloan program	152,680			152,680
Other special projects	<u>906</u>	<u>          </u>	<u>          </u>	<u>906</u>
	<u>\$463,923</u>	<u>          </u>	<u>\$(6,272)</u>	<u>\$457,651</u>

<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>

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

**HEAD START PROGRAM**

**GRANT NO. 05CH8312/03**

**STATEMENTS OF REVENUE AND EXPENSES**

Program Years Ended March 31, 2017 and 2016

	2017			
	Head Start Start Admin	Head Start PA 22	Head Start PA 20	Total
<b>Revenue</b>				
Grant award	\$ 107,810	\$ 2,066,306	\$ 28,363	\$ 2,202,479
Crusade grant		5,325		5,325
Child care food program		137,099		137,099
Miscellaneous income		329		329
In-kind contributions		538,639		538,639
	107,810	2,747,698	28,363	2,883,871
<b>Expenses</b>				
Salaries and benefits	69,599	1,275,437		1,345,036
Professional fees/services	1,165	49,446	827	51,438
Contracted services		3,023		3,023
Materials and supplies	2,809	59,196	1,573	63,578
Food and meals	524	128,729		129,253
Building rental and maintenance	3,151	133,817		136,968
Equipment rental and maintenance	746	19,983		20,729
Occupancy - utilities		4,161		4,161
Building and property insurance	963	20,302		21,265
Telephone		4,407		4,407
Postage		920		920
Public relations and printing		2,088		2,088
Travel and meetings		13,738	25,423	39,161
Dues and memberships		7,052	540	7,592
In-kind expense		538,639		538,639
Health and disability expense		1,619		1,619
Corporate allocations	15,727	266,088		281,815
Main office allocations	13,126	219,053		232,179
	107,810	2,747,698	28,363	2,883,871
Excess of revenue over expenses	\$	\$	\$	\$

2016

<u>Head Start Start Admin</u>	<u>Head Start PA 22</u>	<u>Head Start PA 20</u>	<u>Total</u>
\$ 86,226	\$ 2,056,504	\$ 28,364	\$ 2,171,094
	136,600		136,600
	1,475	150	1,625
	<u>533,106</u>	<u>(55)</u>	<u>533,051</u>
<u>86,226</u>	<u>2,727,685</u>	<u>28,459</u>	<u>2,842,370</u>
58,499	1,266,904		1,325,403
308	27,919	4,200	32,427
	17,539		17,539
2,441	3,995		6,436
	172,854		172,854
5,744	152,093		157,837
	15,406		15,406
	4,031		4,031
944	20,506		21,450
500	7,410		7,910
	1,047	4	1,051
51	4,126		4,177
	9,914	23,549	33,463
221	4,397	101	4,719
	533,106	(55)	533,051
	4,172	660	4,832
5,340	261,451		266,791
<u>12,178</u>	<u>220,815</u>		<u>232,993</u>
<u>86,226</u>	<u>2,727,685</u>	<u>28,459</u>	<u>2,842,370</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, 2017 and 2016**

	2017			Total
	Early Head Start Admin	Early Head Start PA 22	Early Head Start PA 20	
<b>Revenue</b>				
Grant award	\$ 49,017	\$ 629,241	\$ 16,465	\$ 694,723
In-kind contributions	<u>                    </u>	<u>172,578</u>	<u>                    </u>	<u>172,578</u>
<b>Total revenue</b>	<u>49,017</u>	<u>801,819</u>	<u>16,465</u>	<u>867,301</u>
<b>Expenses</b>				
Salaries and benefits	37,768	362,708		400,476
Professional fees/services	808	14,237		15,045
Contracted services		2,430		2,430
Materials and supplies	265	72,540	2,156	74,961
Food and meals				
Building rental and maintenance		34,296	880	35,176
Equipment rental and maintenance		6,475		6,475
Occupancy - utilities				
Building and property insurance	534	5,706		6,240
Telephone	556	3,584		4,140
Postage		525		525
Public relations and printing		697		697
Travel and meetings		10,982	10,525	21,507
Dues and memberships	538	14,782	2,904	18,224
In-kind expense		172,578		172,578
Health and disability expense		30		30
Corporate allocations	8,548	71,387		79,935
Main office allocations	<u>                    </u>	<u>28,862</u>	<u>                    </u>	<u>28,862</u>
<b>Total expenses</b>	<u>49,017</u>	<u>801,819</u>	<u>16,465</u>	<u>867,301</u>
Excess of revenue over expenses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

2016

Early Head Start Admin	Early Head Start PA 22	Early Head Start PA 20	Total
\$ 50,764	\$ 608,488	\$ 16,317	\$ 675,569
	169,385		169,385
<u>50,764</u>	<u>777,873</u>	<u>16,317</u>	<u>844,954</u>
39,276	376,794		416,070
289	37,247	700	38,236
	8,036	3,000	11,036
137	32,953	899	33,989
	787		787
581	26,269		26,850
423	3,398		3,821
	6,342		6,342
560	5,990		6,550
345	4,867		5,212
	429		429
35	276		311
274	15,425	11,467	27,166
	574	251	825
	169,385		169,385
	94		94
8,844	76,935		85,779
	12,072		12,072
<u>50,764</u>	<u>777,873</u>	<u>16,317</u>	<u>844,954</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, 2017

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture</b>				
Indiana State Department of Health				
Child Care Food Program	10.558	1100020		<u>\$ 137,099</u>
<b>U.S. Department of Housing and Urban Development</b>				
Indiana Housing and Community Development Authority				
Housing Choice Voucher Program	14.871			<u>1,499,285</u>
<b>U.S. Department of Energy</b>				
Indiana Housing and Community Development Authority				
Weatherization for Low Income Persons	81.042	WX-016-008		<u>141,884</u>
<b>U.S. Department of Health and Human Services</b>				
Head Start	93.600	05CH8312		<u>2,202,479</u>
Early Head Start	93.600			<u>694,723</u>
Total Head Start Cluster				<u>2,897,202</u>
Navigator Program	93.332	150265-01		<u>113,998</u>
Navigator Program	93.332	150265-02		<u>124,837</u>
Total Navigator Program				<u>238,835</u>
Indiana Housing and Community Development Authority				
Community Services Block Grant	93.569	CS-016-008	\$18,183	<u>270,192</u>
Community Services Block Grant	93.569	CS-017-008		<u>64,183</u>
Total Community Services Block Grants			<u>18,183</u>	<u>334,375</u>
Low-Income Home Energy Assistance	93.568	LI-016-008-3		<u>857,389</u>
	93.568	LI-017-008-3		<u>1,254,677</u>
	93.568	WL-016-008		<u>217,769</u>
	93.568	WL-017-008		<u>77,363</u>
Total Low-Income Home Energy Assistance				<u>2,407,198</u>
Total U.S. Department of Health and Human Services			<u>18,183</u>	<u>5,877,610</u>
Total expenditures of federal awards			<u>\$18,183</u>	<u>\$7,655,878</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, 2017

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of CASI under programs of the federal government for the year ended March 31, 2017. 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, 2017, 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 February 15, 2018.

**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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a material weakness.

### **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  
February 15, 2018



**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

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, 2017. 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, 2017.

## **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 items 2017-001 and 2017-002. 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.

## **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 identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

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.

*Deming, Malone, Lussary & Ostroff*

Louisville, Kentucky  
February 15, 2018

COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended March 31, 2017

**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:

93.569

Community Service Block Grant

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. Community Action of Southern Indiana, Inc. did not qualify as a low-risk auditee.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended March 31, 2017

**Section II – Financial Statement Findings**

**Finding No. 2017-001: 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, 2017, 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, 2017

**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**

**Finding No. 2017-002:** Community Service Block Grant, CFDA 93.569 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 and the inability to provide audit documentation on a timely basis.

**Effect of Condition:** CASI did not meet the requirement of timely filing the Data Collection Form; therefore, their subsequent audit will not be considered a low-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, 2017

**Finding No. 2016-01: 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, 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 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, 2016

**Recommendation:** CASI should continually evaluate the staffing level 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**

**Finding No. 2016-02:** 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 and the inability to provide audit documentation timely.

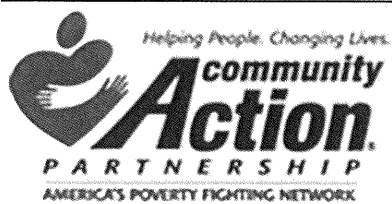
**Effect of Condition:** CASI did not meet the requirement of timely filing the Data Collection Form; therefore, their subsequent audit will not be considered a low-risk audit.

**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.

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## COMMUNITY ACTION OF SOUTHERN INDIANA, INC.

### CORRECTIVE ACTION PLAN

Year Ended March 31, 2017

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, 2017.

Independent public accounting firm:

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

Audit Period: Year ended March 31, 2017

The findings from the March 31, 2017 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 Weaknesses

#### **Finding 2017-001:**

*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, 2017

**Finding – Federal Award Program Audits**

U.S. Department Of Health And Human Services

**Finding 2017-002:**

*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.