

**Community Action
Program of Evansville and
Vanderburgh County, Inc.**

**Financial Statements
for the Years Ended
December 31, 2008 and 2007**



**COMER
NOWLING & ASSOCIATES, PA**

Certified Public Accountants

**COMMUNITY ACTION PROGRAM OF EVANSVILLE AND
VANDERBURGH COUNTY, INC.
(Evansville, Indiana)
FINANCIAL STATEMENTS**

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Independent Auditor's Report

Board of Directors
Community Action Program of Evansville and Vanderburgh County, Inc.
Evansville, Indiana

We have audited the accompanying statements of financial position of Community Action Program of Evansville and Vanderburgh County, Inc. as of December 31, 2008 and 2007 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action Program of Evansville and Vanderburgh County, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2009 on our consideration of Community Action Program of Evansville and Vanderburgh County, Inc.'s internal control over financial reporting and 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 or on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with

Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Community Action Program of Evansville and Vanderburgh County, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

Comer, Nowling And Associates, P. C.

Comer, Nowling And Associates, P.C.

June 15, 2009

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007**

ASSETS	<u>2008</u>	<u>2007</u>
Current assets		
Cash	\$ 437,122	\$ 210,425
Grants receivable	2,039,096	1,912,134
Accounts receivable	12,064	4,223
Due from Southern Indiana Housing Corp.	3,200	3,200
Due from Brumfield Place, L.P.	83,304	83,304
Prepaid expenses	36,877	99,200
Total current assets	<u>2,611,663</u>	<u>2,312,486</u>
Property and equipment		
Vehicles and equipment	1,009,518	1,037,993
Buildings and improvements	1,645,664	1,641,517
Land	210,631	159,956
	<u>2,865,813</u>	<u>2,839,466</u>
Less accumulated depreciation	(1,003,010)	(944,991)
Total property and equipment, net	<u>1,862,803</u>	<u>1,894,475</u>
Other assets		
Single-family housing projects	-	193,463
Development fees receivable	156,185	156,185
Notes receivable - Brumfield Place, L.P.	425,000	425,000
Notes receivable - Paradise Estates Apartments	847,470	847,470
Total other assets	<u>1,428,655</u>	<u>1,622,118</u>
	<u>\$ 5,903,121</u>	<u>\$ 5,829,079</u>

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	<u>2008</u>	<u>2007</u>
Current liabilities		
Accounts payable	\$ 1,459,051	\$ 1,191,607
Accrued payroll and payroll expenses	350,411	310,045
Short-term notes payable	-	151,000
Deferred revenue	131,166	-
Current maturities of long-term debt	10,922	94,064
Total current liabilities	<u>1,951,550</u>	<u>1,746,716</u>
Long-term liabilities		
Note payable - AHP Funds	264,170	264,170
Note payable - HOME Funds	375,000	375,000
Note payable - Section 202	633,300	633,300
Notes payable - other	896,342	821,137
Total long-term liabilities	<u>2,168,812</u>	<u>2,093,607</u>
Total liabilities	<u>4,120,362</u>	<u>3,840,323</u>
Net assets - unrestricted	<u>1,782,759</u>	<u>1,988,756</u>
Total liabilities and net assets	<u>\$ 5,903,121</u>	<u>\$ 5,829,079</u>

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**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Support and revenue		
Grant revenue	\$ 10,364,986	\$ 10,316,476
Donations	46,912	7,267
Program revenue	24,871	49,623
Other	5,620	4,215
Interest	131	987
In-kind contributions	743,590	489,401
Total support and revenue	<u>11,186,110</u>	<u>10,867,969</u>
Housing payment assistance activity		
Proceeds from sale of housing assistance homes	148,000	-
Cost of homes and payment assistance	<u>(222,870)</u>	<u>-</u>
Net payment assistance activity	<u>(74,870)</u>	<u>-</u>
Total support, revenue and payment assistance activity	<u>11,111,240</u>	<u>10,867,969</u>
Expenses		
Childhood education	5,252,897	5,249,618
Child care	132,057	151,944
Nutrition	201,452	207,602
Literacy	44,481	74,302
Senior volunteer	189,206	230,533
Utility assistance	3,388,996	2,941,057
Housing assistance	720,204	462,687
Home weatherization assistance	520,965	557,680
Emergency family service	235,821	169,762
Management and general	631,158	531,660
Total operating expenses	<u>11,317,237</u>	<u>10,576,845</u>
Increase in net assets	(205,997)	291,124
Net assets at beginning of year	1,988,756	1,737,537
Prior period adjustment	-	<u>(39,905)</u>
Net assets at end of year	<u>\$ 1,782,759</u>	<u>\$ 1,988,756</u>

See accompanying notes to financial statements.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Childhood Education	Child Care	Nutrition	Literacy
OPERATING EXPENSES				
Personnel costs	\$ 3,714,569	\$ 40,509	\$ -	\$ 9,030
Space costs	377,249	23,239	-	-
Communications	47,630	-	-	-
Contractual services	82,780	98	-	-
Materials and supplies	112,649	44,060	-	15,114
Travel and training	65,764	-	-	-
Customer assistance	184,557	22,946	201,452	-
Other	137,280	1,205	-	1,000
Partnership	-	-	-	19,337
In-kind expenses	530,419	-	-	-
Total Expenses Reported by Function	\$ 5,252,897	\$ 132,057	\$ 201,452	\$ 44,481

See accompanying notes to financial statements.

<u>Senior Volunteer</u>	<u>Utility Assistance</u>	<u>Housing Assistance</u>	<u>Home Weatherization Assistance</u>	<u>Emergency Family Service</u>	<u>Management and General</u>	<u>2008 Totals</u>
\$ 30,635	\$ 277,833	\$ 110,064	\$ 215,637	\$ 4,996	\$ 205,165	\$ 4,608,438
-	53,231	134	23,566	18,283	198,032	693,734
111	28,457	1,613	6,511	229	16,614	101,165
507	24,168	831	2,743	405	35,249	146,781
33	45,203	618	19,277	1,284	16,227	254,465
758	10,192	1,294	3,817	18	28,547	110,390
134,599	2,949,150	605,589	234,430	18,883	106,293	4,457,899
270	762	61	14,984	844	25,031	181,437
-	-	-	-	-	-	19,337
22,293	-	-	-	190,879	-	743,591
<u>\$ 189,206</u>	<u>\$ 3,388,996</u>	<u>\$ 720,204</u>	<u>\$ 520,965</u>	<u>\$ 235,821</u>	<u>\$ 631,158</u>	<u>\$ 11,317,237</u>

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Childhood Education</u>	<u>Child Care</u>	<u>Nutrition</u>	<u>Literacy</u>
OPERATING EXPENSES				
Personnel costs	\$ 3,690,055	\$ 114,549	\$ -	\$ 8,402
Space costs	485,346	30,417	-	-
Communications	42,374	233	-	-
Contractual services	68,473	160	-	-
Materials and supplies	187,090	3,229	-	4,960
Travel and training	111,358	2,339	-	-
Customer assistance	192,266	64	207,602	-
Other	139,140	953	-	500
Partnership	-	-	-	60,440
In-kind expenses	333,516	-	-	-
 Total Expenses Reported by Function	 <u>\$ 5,249,618</u>	 <u>\$ 151,944</u>	 <u>\$ 207,602</u>	 <u>\$ 74,302</u>

See accompanying notes to financial statements.

<u>Senior Volunteer</u>	<u>Utility Assistance</u>	<u>Housing Assistance</u>	<u>Home Weatherization Assistance</u>	<u>Emergency Family Service</u>	<u>Management and General</u>	<u>2007 Totals</u>
\$ 32,770	\$ 228,260	\$ 49,735	\$ 196,228	\$ 1,501	\$ 140,353	\$ 4,461,853
-	18,552	614	40,508	32,896	170,597	778,930
448	5,807	456	12,630	125	24,557	86,630
3	7,864	-	2,993	60	31,333	110,886
449	15,504	519	29,975	3,432	86,792	331,950
1,612	2,158	292	2,953	-	10,345	131,057
161,680	2,661,649	411,049	251,617	7,764	34,158	3,927,849
749	1,263	22	20,776	921	33,525	197,849
-	-	-	-	-	-	60,440
32,822	-	-	-	123,063	-	489,401
<u>\$ 230,533</u>	<u>\$ 2,941,057</u>	<u>\$ 462,687</u>	<u>\$ 557,680</u>	<u>\$ 169,762</u>	<u>\$ 531,660</u>	<u>\$ 10,576,845</u>

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**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ (205,997)	\$ 291,124
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	86,494	86,071
Loss on sale of housing projects	74,870	-
(Increase) decrease in cash from changes in:		
Grants receivable	(126,962)	(409,151)
Accounts receivable	(7,841)	12,856
Prepaid expenses	62,323	(45,571)
Increase (decrease) in cash from changes in:		
Accounts payable	267,444	472,272
Accrued payroll and related expenses	40,366	5,868
Deferred revenue	131,166	-
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	321,863	413,469
Cash flows from investing activities:		
Purchase/sale of single-family housing projects	118,582	(70,912)
Purchase of fixed assets	(54,822)	(321,881)
	<hr/>	<hr/>
Net cash used by provided by (used in) investing activities	63,760	(392,793)
Cash flows from financing activities:		
Loan and note proceeds	87,659	60,000
Repayment of notes payable	(246,585)	(8,994)
	<hr/>	<hr/>
Net cash provided by financing activities	(158,926)	51,006
Net increase in cash	226,697	71,682
Cash at beginning of year	210,425	138,743
	<hr/>	<hr/>
Cash at end of year	\$ 437,122	\$ 210,425
	<hr/>	<hr/>
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	\$ 91,305	\$ 80,037
	<hr/>	<hr/>

See accompanying notes to financial statements.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Community Action Program of Evansville and Vanderburgh County, Inc. (CAPE or the Organization) was incorporated and commenced operations as a not-for-profit Organization in 1965, under the laws of the State of Indiana. The Organization was formed to develop and provide resources for the purpose of assisting low-income individuals in the City of Evansville and Vanderburgh County, Indiana through a variety of programs, including Head Start, Energy Assistance, Section 8, Weatherization, Foster Grandparents, Owner Occupied Rehabilitation Programs, Food Banks and Individual Development Accounts. The Organization is primarily supported through federal and state government grants.

BASIS OF PRESENTATION

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

REVENUE RECOGNITION

The Organization receives grants from the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals. Revenues under the contracts are recognized as the services are provided.

PROPERTY AND EQUIPMENT

The Organization follows the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided using the straight-line method over estimated useful lives of three to forty years. The following is a summary of the lives for each class of asset:

Buildings	40 years
Leasehold improvements	15 years
Equipment	3-10 years
Vehicles	5 years

When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred.

Total depreciation expense for the years ended December 31, 2008 and 2007, was \$86,494 and \$86,071, respectively.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Organization that is not a private foundation under Section 509(a)(2).

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. For the years ended December 31, 2008 and 2007, the Organization did not have temporarily and permanently restricted assets.

USE OF ESTIMATES

The preparation of accrual basis financial statements 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. Accordingly, actual results could differ from those estimates.

CONTRIBUTIONS

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IN-KIND CONTRIBUTIONS

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue and other support by a like amount. For the years ended December 31, 2008 and 2007, this adjustment amounted to approximately \$899,055 and \$489,401 and is included in in-kind contributions on the Statements of Activities and Changes in Net Assets.

The Organization has recorded in-kind contributions for professional services on the Consolidated Statement of Activities in accordance with Statement of Financial Accounting Standards No. 116 (SFAS 116), Accounting for Contributions Received and Contributions Made. SFAS 116 requires that only contributions of services received that create or enhance non-financial assets or require specialized skill and would typically need to be purchased if not provided by donation be recorded. The requirements of SFAS 116 are different from the in-kind requirements of the Organization's grant funding sources.

Of the \$743,591 and \$489,401 of in-kind contributions and related expenses recorded in the Organization's Consolidated Statement of Activities for the years ended December 31, 2008 and 2007, contributed services meeting the requirements of SFAS 116 are \$101,660 and \$55,171, all related to Head Start. During 2008 and 2007, the Organization also received other in-kind contributions totaling \$142,601 and \$1,191,079 related to its Head Start program which includes services from non-professional volunteers which are not recorded in the Consolidated Statements of Activities.

During 2008 and 2007, the Organization also received in-kind donations including food, supplies, space and volunteer services for its Foster Grandparent and Emergency Shelter programs totaling \$213,171 and \$188,428, respectively. The table below details the in-kind contributions:

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	<u>2008</u>	<u>2007</u>
Head Start In-Kind		
Professional Services	\$ 101,660	\$ 55,171
Supplies/Food/Space In-Kind	428,759	278,345
Foster Grandparents In-Kind		
Supplies/Food/Space	22,293	32,822
Emergency Shelter In-Kind		
Supplies/Food/Space	<u>190,879</u>	<u>123,063</u>
 Total In-Kind Reported on Financial Statements per SFAS 116	 743,591	 489,401
 Head Start Volunteer Services	 142,601	 1,191,079
Foster Grandparents Volunteer	593	6,832
Emergency Shelter Volunteer	<u>9,450</u>	<u>25,711</u>
Total In-Kind for All Programs	<u>\$ 896,235</u>	<u>\$ 1,713,023</u>

ALLOCATION OF COSTS

The Organization allocates joint costs to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, which cannot be readily identified with a final cost objective. The Organization’s cost allocation methods are as follows:

Administrative Personnel

Agency administrative and financial personnel (Executive Director, Director of Administration, accounting personnel, etc.) record the time they spend working on specific programs on their time sheets. The time specifically identifiable to a particular program is charged to that program.

Administrative Non-personnel Costs

Administrative non-personnel costs (including administrative space costs, utilities, telephone, supplies, travel, etc.) are allocated based on actual administrative time spent in each program.

Occupancy Costs

Occupancy costs (maintenance costs, utilities, insurance, rent, repair costs, etc.) are allocated based on the number of square feet of space each program occupies.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GRANTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The grants receivable represent amounts the Organization has filed claims for the years ended and were awaiting payment. A substantial majority of receivables are due from government sources. The amount deemed uncollectible is zero. Therefore, no bad debt allowance is considered necessary.

ACCOUNTS RECEIVABLE

The accounts receivable represent amounts due for child care services. The Organization considers accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary. The past due accounts are reviewed and written off every year in the month of July.

NOTE 2 – CASH

Cash consisted of the following as of December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Checking	\$ 436,722	\$ 210,425
Petty Cash	<u>400</u>	<u>-0-</u>
Total Cash	<u>\$ 437,122</u>	<u>\$ 210,425</u>

NOTE 3 – GRANTS RECEIVABLE

The grants receivable consists primarily of amounts due from federal and state agencies. The grants receivable from the various funding sources as of December 31, :

	<u>2008</u>	<u>2007</u>
Federal Programs (Direct and pass-through)	\$ 1,997,891	\$ 1,844,675
State and Local Programs	<u>41,145</u>	<u>67,459</u>
Total	<u>\$ 2,039,036</u>	<u>\$ 1,912,134</u>

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 4 - STATEMENT OF FINANCIAL ACCOUNTING STANDARD NO. 144

SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*," requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. SFAS No. 144 has not materially affected the Organization's net change in unrestricted net assets, statement of financial position or statement of cash flows.

NOTE 5 – DUE FROM AFFILIATES

During the year ended December 31, 2003, the Organization advanced funds to Southern Indiana Housing Corporation, an Indiana corporation, for start-up monies related to the design and construction of a low-income senior housing project in Southern Indiana. The funds are repayable to the Organization at the end of the project. As of December 31, 2008 and 2007, the balance due from Southern Indiana Housing Corporation was \$3,200.

During the year ended December 31, 2003, the Organization advanced funds to Brumfield Place, L.P., an Indiana limited partnership, for the operation of a 24 unit low-income housing project in Princeton, Indiana, of which the Organization is the development sponsor. The funds will be repaid from the final payment of the syndicators. As of December 31, 2008 and 2007, the balance due from Brumfield Place, L.P. was \$83,304.

NOTE 6 – EMPLOYEE BENEFITS

The Organization has a 401(k) plan. The Organization provides contributions up to a maximum amount of 1% of employee compensation. Contributions to the plan are made for all permanent employees starting from the date of employment. Employee benefit expense under this plan was approximately \$35,957 and \$34,860 for 2008 and 2007, respectively.

NOTE 7 – DEVELOPMENT FEES RECEIVABLE

On March 15, 2002, the Organization, under the signature of its affiliate, CAPE Development Corporation, entered into a Limited Partnership agreement (Brumfield Place, L.P.) with the U.S.A. Institutional Tax Credit Fund XXVIII, L.P., a Delaware limited partnership, to develop and maintain a 24 unit low-income housing project in Princeton, Indiana. Upon completion of project construction, CAPE was scheduled to receive development fees for its time and effort in the project's development. Payments are to be made on a yearly basis as funds permit. As of December 31, 2008 and 2007, the balance due was \$156,185.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 8 – NOTES RECEIVABLE

The Organization has entered into a real estate mortgage agreement with Brumfield Place, L.P., an Indiana limited partnership, dated March 15, 2002 in the principal amount of \$200,000. The mortgage matures on December 21, 2018 and is payable in full at maturity along with any accrued interest. The note bears interest at a rate of 0.0% per annum. As of December 31, 2008 and 2007, the mortgage balance remained at \$200,000.

The Organization has entered into a real estate mortgage agreement with Brumfield Place, L.P., an Indiana limited partnership, dated March 15, 2002 in the principal amount of \$225,000. The mortgage matures on December 21, 2018 and is payable in full at maturity along with any accrued interest. The note bears interest at a rate of 0.0% per annum. As of December 31, 2008 and 2007, the mortgage balance remained at \$225,000.

During the year ended December 31, 2003, the Organization entered into a promissory note agreement with Brumfield Place, L.P., an Indiana limited partnership, dated January 14, 2003 in the principal amount of \$75,000. The purpose of the note was help fund the equity gap between Brumfield Place, L.P. and its limited partner. The note matured on September 1, 2003 and accrues interest at a rate of 10% per annum. No principal or interest is due until the earlier of 1) the note maturity date or 2) the date that Brumfield Place, L.P. receives the third equity installment from its limited partner. The third equity installment is due when the project achieves a “break-even” point as a result of its operations. The third equity installment has not been received by Brumfield Place, L.P. and therefore no interest or principal has been paid to the Organization. The balance on the promissory note including interest as of December 31, 2008 and 2007 was \$83,304.

The Organization under the signature of its affiliate, Southern Indiana Housing Corporation, has entered into a forgivable note receivable agreement with Paradise Estates Apartments, an Indiana not-for-profit, in the principal amount of \$633,300. The note matures on March 2045 and is forgiven if the apartments are used for affordable housing. The note bears interest at a rate of 0.0% per annum. As of December 31, 2008 and 2007, the note balance remained at and \$633,300.

The Organization under the signature of its affiliate, Southern Indiana Housing Corporation, has entered into a forgivable note receivable agreement with Paradise Estates Apartments, an Indiana not-for-profit, in the principal amount of \$150,000. The note matures on March 2020 and is forgiven if the apartments are used for affordable housing. The note bears interest at a rate of 0.0% per annum. As of December 31, 2008 and 2007, the note balance remained at \$150,000.

The Organization under the signature of its affiliate, Southern Indiana Housing Corporation, has entered into a forgivable note receivable agreement with Paradise Estates Apartments, an Indiana

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 8 – NOTES RECEIVABLE (continued)

not-for-profit, in the principal amount of \$64,170. The note matures on March 2020 and is forgiven if the apartments are used for affordable housing. The note bears interest at a rate of 0.0% per annum. As of December 31, 2008 and 2007, the note balance remained at \$64,170.

NOTE 9 – OPERATING LEASES

The Organization leases various facilities for operation of its programs. Rent expense for the year ended December 31, 2008 and 2007 were \$213,490 and \$208,701, respectively. Future minimum lease payments on leases having non-cancelable terms beyond December 31, 2008 are as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 143,317
2010	91,490
2011	31,490
2012	622
2013	<u>2</u>
	<u>\$ 266,921</u>

NOTE 10 – LONG-TERM DEBT

In December of 2002, the Organization assumed a promissory note with Fifth Third Bank originally dated December 2, 1996 and used by Evansville Community Services, Inc., an affiliate of the Organization, for the purchase of a commercial building. In December 2002, the Organization also assumed the title of the building. The original note was for the principal amount of \$765,000, matures in October 17, 2016 and is secured by real estate. The loan is payable in monthly installments of \$5,629 including principal and interest. The Organization assumed the remaining balance on the note of \$715,666 as of December 17, 2002. The remaining balance on the note as of December 31, 2008 and 2007 was \$686,462 and \$692,850 respectively.

The Organization has entered into a promissory note with Fifth Third Bank dated December 17, 2002 in the principal amount of \$100,000 for the purpose of acquiring a building. The loan is payable in monthly installments of \$746 beginning in January 2003 which includes interest at 6.5% per annum with a maturity date of December 17, 2007. The note is secured by real estate. The balance on the note as of December 31, 2007 was \$86,381. The note was paid off during the year ended December 31, 2008.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 10 – LONG-TERM DEBT (continued)

During 2008 the Organization obtained a loan from Evansville Community Bank dated February 1, 2008 which was used to pay off a previous loan with Fifth Third Bank. The principal amount of the loan is \$87,659 and is payable in monthly installments of \$772 including principal and interest. The interest rate is 7.04% and the note, which is secured by real estate, matures on February 1, 2013.

The Organization has entered into a loan agreement with the United States Department of Agriculture, Rural Housing Service, dated February 26, 2004 in the principal amount of \$140,000 for the purpose of partially funding the construction of a new head start facility in Princeton, Indiana. The loan is payable in monthly installments of \$636 beginning March 26, 2005 which includes interest of 4.5% per annum with a maturity date of February 26, 2045. The remaining balance on the note as of December 31, 2008 and December 31, 2007 was \$134,415 and \$135,960, respectively.

The future maturities of long-term debt are as follows for the years ended December 31,:

<u>Year</u>	<u>Amount</u>
2009	\$ 10,922
2010	11,814
2011	12,782
2012	13,833
2013	87,361
Thereafter	<u>770,552</u>
	<u>\$ 907,264</u>

Interest expense amounted to \$91,305 and \$80,037 for the years ended December 31, 2008 and 2007.

NOTE 11 - BRUMFIELD PLACE L.P. AND PARADISE ESTATES APARTMENTS

Brumfield Place L.P. (the “Project”) was organized as a limited partnership in March 2002 to construct, own and operate a 24-unit apartment complex in Princeton, Indiana. Each building in the project has qualified and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (“Section 42”), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. The Organization owns a 1/100th interest in the Project and has obtained HOME and AHP funds to assist with the development. The HOME and AHP Funds have in turn been loaned to the Project (see note 7). As of

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

**NOTE 11 - BRUMFIELD PLACE L.P. AND PARADISE ESTATES APARTMENTS
(continued)**

December 31, 2008 and 2007, the Organization had made no material contributions to the Project or incurred any material related costs.

Paradise Estates Apartments (the "Secondary Project") was organized as a separate not-for-profit in March 2003 to construct, own and operate a 9-unit apartment complex in Princeton, Indiana. The Organization, under the signature of its wholly owned affiliate, Southern Indiana Housing Corporation, obtained Section 202, HOME and AHP funds to assist with the development. The Section 202, HOME and AHP Funds have in turn been loaned to the Secondary Project (see note 7). As of December 31, 2008 and 2007, the Organization had made no material contributions to the Project or incurred any material related costs.

NOTE 12 – NOTES PAYABLE - HOME AND AHP FUNDS

The Organization, under the signature of its affiliate, CAPE Development Corporation, has entered into an agreement with the State of Indiana Housing Finance Authority (IHFA) for the use of \$225,000 of HOME Funds in the development of Brumfield Place (see note 7). In addition, the Organization has entered into an agreement for the use of \$200,000 of AHP Funds in the development. The term of both loans is for an initial period of 15 years and with both loans maturing on December 21, 2018. Repayment of the loans is contingent upon the availability of Brumfield Place's "residual receipts", as defined in the agreement. The loans bear an annual interest rate of 0.00%, of which, interest is payable from residual receipts prior to the payment of any principal.

The Organization, under the signature of its affiliate, Southern Indiana Housing Corporation, has entered into an agreement with the Department of Metropolitan Development of the City of Evansville, Indiana for the use of \$150,000 of HOME Funds in the development of Paradise Estates Apartments. In addition, the Organization has entered into an agreement with the Federal Home Loan Bank for the use of \$64,170 of AHP Funds in the development. The term of both loans is for an initial period of 20 years and with both loans maturing on March 2020. These notes payable will be forgiven if Paradise Estates is used as affordable housing until March 2020.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 13 – BUY/REHAB/SALE HOMES AND RELATED DEBT

During 2005, the Organization purchased five single family homes to be remodeled and updated for sale to individuals eligible for purchase assistance. The Organization acquired the properties in December 2005 with short-term promissory notes which will be repaid with grant funds. During 2006, four of these properties were sold; the remaining property is 3026 Graham Avenue. The total acquisition and rehabilitation cost for this property totaled \$122,551 as of December 31, 2007 and 2006.

The Organization has entered into promissory notes with Old National Bank for each of the homes purchased. Each note allows the payment of interest only until the maturity date and is secured by real estate. Interest is to be accrued at prime plus 1%. As of December 31, 2007 and 2006, the outstanding loan balance on the 3026 Graham Avenue property totaled \$91,000 with a maturity date of June 14, 2008.

During 2007, the Organization purchased another single family home under the buy/rehab/sale program located at 757 Lincoln on October 5, 2007. The total acquisition cost for this property totaled \$60,000. The Organization entered into a promissory note with Evansville Commerce Bank for the acquisition cost with interest accrued at prime plus 1% and maturing on April 5, 2008. As of December 31, 2007, the outstanding loan balance on this property was \$60,000.

During the year ended December 31, 2008, both the 3026 Graham Avenue and 757 Lincoln properties were sold and the related loan balances paid off.

NOTE 14 – CONTINGENT LIABILITY

Several programs administered by the Organization provide funds towards the purchase and/or rehabilitation of homes. These programs include: Federal Home Loan Bank--Home Opportunities Program, Department of Metropolitan Development--Down Payment Assistance Program, Indiana Housing and Community Development--Owner Occupied Rehabilitation Program, Department of Metropolitan Development--Buy/Rehab/Resale Program, Department of Metropolitan Development--Home Money, and Indiana Housing and Community Development--Housing Education Counseling/Down Payment Assistance Program.

In these programs, low income persons can qualify for down payment assistance or for repairs and improvements of owner occupied residences. The Organization holds a mortgage equal to the amount of the down payment or repairs for each participating homeowner. These mortgages are forgivable if the mortgagor owns and occupies the mortgaged premises for the required timeframe. These timeframes range from 3 to 15 years for the various programs. As of December 31, 2008, the Organization holds 52 mortgages with a total balance of \$543,736.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 14 – CONTINGENT LIABILITY (continued)

As of December 31, 2007, the Organization held 47 mortgages with a total balance of \$442,472. While the Organization holds these zero percent forgivable loans, the anticipated future collections cannot be determined. Although these mortgages are secured by a lien on the homes, there is a possibility that the Organization may have to repay the governmental funds used under this program if the owner occupants do not occupy the homes for the mandatory periods. The final liability, if any, to be paid cannot be determined at this time. Accordingly, these financial statements do not reflect any liability, which may arise as a result.

NOTE 15 – PRIOR PERIOD ADJUSTMENT

During the 2008 audit, it was noted that costs associated with Owner Occupied Rehabilitation properties were erroneously capitalized as an asset of the Organization. Accordingly, the Organization restated its financial statements for the year ended December 31, 2007. The effect of the correction was to decrease the beginning net asset balance and building and improvements by \$39,905 for the year ended December 31, 2007.

NOTE 16 – RECLASSIFICATIONS

Certain reclassifications have been made to the 2008 financial statements to conform to the 2007 presentation.

NOTE 17 – CONCENTRATION OF RISK

The Organization maintains its cash balances several banks. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and 100,000 as of December 31, 2008 and 2007, respectively. The balance in excess of FDIC coverage is collaterally secured by the bank with Treasury Bills. At December 31, 2008 and 2007, bank balances were \$192,011 and \$452,867, respectively, in excess of FDIC coverage.

Revenues from federal and state government agencies that provide grant and contract funding to the Organization, as of December 31, 2008 and 2007 represented 93% and 95% of the Organization's total revenue and support for the years then ended.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 18 – ADVERTISING COSTS

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2008 and 2007 was \$8,004 and \$10,432, respectively.

NOTE 19 – INDIVIDUAL DEVELOPMENT ACCOUNTS

The Organization maintains five Individual Development Accounts (IDAs) with commercial banks. IDAs are matched savings accounts that enable low-income American families to save, build assets, and enter the financial mainstream. The total cash balance in those accounts amounted to \$ 513,845 and \$ 480,991, for the years ended December 31, 2008 and 2007. These balances are not included in the Organization's financial statements.

SINGLE AUDIT SECTION

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>Federal Grantor Agency/Pass-Through Entity/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Passed through Indiana Department of Education:			
Child and Adult Care Food Program	10.558	1820162	\$ 201,452
U.S. Department of Housing and Urban Development			
Passed through the Indiana Housing and Community Development Authority (IHCDA):			
Emergency Shelter Grant	14.231	ES-006-019/ES-008-019	42,700
Section 8 Housing	14.871	none	551,352
Owner-Occupied Rehabilitation Program	14.239	DO-007-010	82,662
Subtotal			<u>676,714</u>
Passed through the City of Evansville:			
CHDO	14.239	063-510-439050001	12,500
CHDO Works	14.239	CW-007-003	41,088
Hispanic Center	14.239	064-372-4390500	5,000
Down Payment Assistance	14.239	none	10,000
Subtotal			<u>68,588</u>
Direct Program:			
Section 202 Capital Grant - Paradise Estates	14.157	none	633,000
Community Block Grant - Paradise Estates	14.219	none	64,170
HOME Funds - Paradise Estates	14.239	none	150,000
HOME Funds - Mulberry Properties	14.239	none	160,000
HOME Funds - Brumfield Place	14.239	none	200,000
AHP Funds - Brumfield Place	14.239	none	225,000
Subtotal			<u>735,000</u>
Total U.S. Department of Housing and Urban Development			<u>2,177,472</u>
U.S. Department of Health and Human Services			
Direct Program:			
Head Start Program			
Full Day/ Part Day	93.600	05CH0741/42, 05CH0741/43	4,732,907
Training and Technical Assistance	93.600	05CH0741/42, 05CH0741/43	63,847
Subtotal			<u>4,796,754</u>
IDA Contract	93.602	IDA 007-009A	10,843
Passed through the Indiana Housing and Community Development Authority:			
Community Services Block Grant	93.569	CS-007-010-02	339,183
Weatherization/ Energy Assistance for Low-Income Families:			
LIHEAP	93.568	WL-007-010-02/WL-008-010	228,775
Energy Assistance Program	93.568	LI-007-010-02/LI-009-010	3,381,096
Leverage Incentive Program	93.568	LI-007-010-02/LI-009-010	7,901
SWEEP	93.568	WL-007-010-02/WL-008-010	23,469
Subtotal			<u>3,641,241</u>
Total U.S. Department of Health and Human Services			<u>8,788,021</u>

See accompanying note to Schedule of Expenditures of Federal Awards.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Agency/Pass-Through Entity/ Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
U.S. Federal Emergency Management Administration Emergency Food and Shelter	83.523	280000-006	<u>2,000</u>
U.S. Department of Energy Passed through the Indiana Housing and Community Development Authority (IHCDA): Weatherization Assistance for Low-Income Persons	81.042	WX-007-010-01/02	<u>242,241</u>
Corporation for National and Community Service Foster Grandparent Program	94.011	06SFNIN005	<u>166,912</u>
Total Expenditures of Federal Awards			<u><u>\$ 11,578,098</u></u>

See accompanying note to Schedule of Expenditures of Federal Awards.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2008**

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Community Action Program of Evansville and Vanderburgh County, Inc. and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2008**

No matters were reported for the year ended December 31, 2008.



**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 Program of Evansville
and Vanderburgh County, Inc.
Evansville, Indiana

We have audited the financial statements of Community Action Program of Evansville and Vanderburgh County, Inc. (a nonprofit organization), as of and for the year ended December 31, 2008, and have issued our report thereon dated June 15, 2009. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Action Program of Evansville and Vanderburgh County, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Action Program of Evansville and Vanderburgh County, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

June 15, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Community Action Program of Evansville
and Vanderburgh County, Inc.
Evansville, Indiana

Compliance

We have audited the compliance of Community Action Program of Evansville and Vanderburgh County, Inc. (a nonprofit organization) with the types of compliance requirements described in the “U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement” that are applicable to its major federal programs for the year ended December 31, 2008. Community Action Program of Evansville and Vanderburgh County, Inc.’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Community Action Program of Evansville and Vanderburgh County, Inc.’s management. Our responsibility is to express an opinion on Community Action Program of Evansville and Vanderburgh County, Inc.’s compliance based on our audit.

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 OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” Those standards and OMB Circular A-133 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 Community Action Program of Evansville and Vanderburgh County, Inc.’s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Community Action Program of Evansville and Vanderburgh County, Inc.’s compliance with those requirements.

In our opinion, Community Action Program of Evansville and Vanderburgh County, Inc., complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of Community Action Program of Evansville and Vanderburgh County, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Community Action Program of Evansville and Vanderburgh County, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Community Action Program of Evansville and Vanderburgh County, Inc.'s ability to administer a major federal program such that there is more than a remote likelihood that the Organization's noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

June 15, 2009

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2008**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes ___ No x
- Significant deficiencies identified? Yes ___ No x

Noncompliance material to financial statements noted? Yes ___ No x

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes ___ No x
- Significant deficiencies identified? Yes ___ No x

Type of auditor’s report issued: Unqualified

Any audit findings disclosed required to be reported in
Accordance with Section 510(a) of Circular A-133 Yes ___ No x

Program tested as major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.239	Department of Housing and Urban Development, HOME Funds, Owner Occupied Rehabilitation, CHDO Works
81.042	Department of Energy, Weatherization
93.568	Department of Health and Human Services, Low-Income Energy Assistance Program
93.569	Department of Health and Human Services, Community Services Block Grant
94.011	Corporation for National Service, Foster Grandparents

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee? Yes x No ___

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2008**

Section II – Financial Statement Findings

There were no financial statement findings for the current year.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the current year.