COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

Community Action of Greater Indianapolis, Inc.

Contents

December 31, 2012

Independent Auditors' Report

Board of Directors
Community Action of Greater Indianapolis, Inc.
Indianapolis, Indiana

We have audited the accompanying financial statements of Community Action of Greater Indianapolis, Inc., which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, changes in net assets and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action of Greater Indianapolis, Inc. as of December 31, 2012 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133*, Audits of State, Local Government, and Non-Profit Organizations*, 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.

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013 on our consideration of Community Action of Greater Indianapolis, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering Community Action of Greater Indianapolis, Inc.'s internal control over financial reporting and compliance.

Agresta, Storms & O'Leary, PC

Indianapolis, Indiana
June 28, 2013

Community Action of Greater Indianapolis, Inc.

Statement of Financial Position

December 31, 2012

Assets	
Current assets:	
Cash and cash equivalents	$ 421,188
Accounts receivable	675,416
Other assets	10,874
Total current assets	1,107,478
Property and equipment:	
Land and land improvements	8,500
Property and equipment	1,942,746
	1,951,246
Less: Accumulated depreciation	(487,855)
Net property and equipment	1,463,391
Other assets:	
Notes receivable, related party	1,225,000
Other receivable, related party	913,591
Total other assets	2,138,591
Total assets	$ 4,709,460
Liabilities and Net Assets	
Current liabilities:	
Current portion of long-term debt	$ 89,418
Accounts payable	409,782
Other current liabilities	134,360
Total current liabilities	633,560
Long-term liabilities:	
Other long-term liabilities	782,403
Long-term debt, net of current portion	1,478,888
Total long-term liabilities	2,261,291
Unrestricted net assets	
Unrestricted net assets	1,089,609
Temporarily restricted net assets	725,000
Total net assets	1,814,609
Total liabilities and net assets	$ 4,709,460

The financial statements should be read only in conjunction with the Independent Auditors' Report and the accompanying summary of significant accounting policies (as described in Note 1) and notes to financial statements.

Community Action of Greater Indianapolis, Inc.

Statement of Activities

Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues and other support:			
Grant revenue	$ 17,699,487	$ -0-	$ 17,699,487
Other revenue	235,299	-0-	235,299
Rental income	211,412	-0-	211,412
Interest income	422	-0-	422
Total revenues and other support	18,146,620	-0-	18,146,620
Net assets released from restrictions	35,096	(35,096)	-0-
Total revenues and other support and reclassifications	18,181,716	(35,096)	18,146,620
Expenses:			
Program services:			
Energy and Weatherization	12,563,695	-0-	12,563,695
Children and Youth	211,499	-0-	211,499
Housing and Welfare	1,987,031	-0-	1,987,031
Other	1,061,054	-0-	1,061,054
	15,823,279	-0-	15,823,279
Supporting services:			
General and administrative	2,611,040	-0-	2,611,040
Total expenses	18,434,319	-0-	18,434,319
Decrease in net assets	$ (252,603)	$ (35,096)	$ (287,699)

The financial statements should be read only in conjunction with the Independent Auditors' Report and the accompanying summary of significant accounting policies (as described in Note 1) and notes to financial statements.

Community Action of Greater Indianapolis, Inc.

Statement of Functional Expenses

Year Ended December 31, 2012

	Energy and Weatherization	Children and Youth	Housing and Welfare	Other	Program Services Totals	General and Administrative	Total
Advertising	$ -0-	$ -0-	$ -0-	$ 554	$ 554	$ 8,943	$ 9,497
Bank charges	173	-0-	-0-	512	685	2,533	3,218
Benefit payments	11,787,730	140	1,708,275	97,793	13,593,938	10,145	13,604,083
Community relations	549	(460)	710	10,070	10,869	21,577	32,446
Contract labor	680	147,229	8,708	3,011	159,628	3,900	163,528
Depreciation	-0-	-0-	264	-0-	264	50,626	50,890
Dues and subscriptions	312	-0-	49	1,861	2,222	11,869	14,091
Employee benefits	64,636	532	9,932	41,857	116,957	218,641	335,598
Employee training	1,371	-0-	38	3,592	5,001	12,715	17,716
In-Kind	-0-	28,276	-0-	-0-	28,276	-0-	28,276
Insurance	10,115	-0-	3,995	16,103	30,213	30,863	61,076
Interest	-0-	-0-	-0-	-0-	-0-	67,757	67,757
Lease	10,449	-0-	12,511	18,599	41,559	62,984	104,543
Maintenance	8,132	-0-	4,255	7,292	19,679	101,398	121,077
Occupancy	57,645	-0-	10,030	13,648	81,323	150,424	231,747
Other Expense	19,022	5,305	17,975	5,887	48,189	100,576	148,765
Payroll taxes	39,302	-0-	12,691	55,512	107,505	93,447	200,952
Postage	2,232	-0-	15	5,889	8,136	13,517	21,653
Professional fees	76,994	6,000	25,676	89,847	198,517	341,193	539,710
Salaries and wages	366,950	-0-	138,950	592,995	1,098,895	929,607	2,028,502
Security	91	-0-	1,329	10,880	12,300	89,005	101,305
Supplies	81,315	-0-	5,317	13,982	100,614	101,303	201,917
Taxes and licenses	-0-	-0-	675	-0-	675	2,677	3,352
Travel	7,939	24,477	5,379	9,532	47,327	30,536	77,863
Utilities	28,058	-0-	20,257	56,225	104,540	154,804	259,344
Vehicles	-0-	-0-	-0-	5,413	5,413	-0-	5,413
	$ 12,563,695	$ 211,499	$ 1,987,031	$ 1,061,054	$ 15,823,279	$ 2,611,040	$ 18,434,319

The financial statements should be read only in conjunction with the Independent Auditors' Report and the accompanying summary of significant accounting policies (as described in Note 1) and notes to financial statements.

Community Action of Greater Indianapolis, Inc.

Statement of Changes in Net Assets

Year Ended December 31, 2012

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
Balance, December 31, 2011	$ 3,209,108	$ 35,096	$ 3,244,204
Decrease in net assets	(252,603)	(35,096)	(287,699)
Prior period adjustment	(1,866,896)	725,000	(1,141,896)
Balance, December 31, 2012	$ 1,089,609	$ 725,000	$ 1,814,609

The financial statements should be read only in conjunction with the Independent Auditors' Report and the accompanying summary of significant accounting policies (as described in Note 1) and notes to financial statements.

Community Action of Greater Indianapolis, Inc.

Statement of Cash Flows

Year Ended December 31, 2012

Cash flow from operating activities:	
Decrease in net assets	$ (287,699)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation and amortization	50,890
Changes in assets and liabilities:	
Decrease in accounts receivable	64,512
Increase in other assets	(65,715)
Decrease in accounts payable	(96,289)
Decrease in other current liabilities	(170,293)
Increase in other long-term liabilities	120,361
Net cash used in operating activities	(384,233)
Cash flow from financing activities:	
Repayments on long-term debt	(167,860)
Net decrease in cash	(552,093)
Cash and cash equivalents, beginning of year	973,281
Cash and cash equivalents, end of year	$ 421,188
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	$ 62,233

The financial statements should be read only in conjunction with the Independent Auditors' Report and the accompanying summary of significant accounting policies (as described in Note 1) and notes to financial statements.

Community Action of Greater Indianapolis, Inc.

Notes to Financial Statements

Year Ended December 31, 2012

1. Summary of Significant Accounting Policies

Nature of Activities

Community Action of Greater Indianapolis, Inc. ("CAGI"), a not-for-profit organization, exists to empower those we serve to become self-reliant and self-sufficient. Programs include energy assistance, children's services, economic enhancement initiatives, emergency assistance services and housing assistance and improvements. The majority of funding for program services is energy related.

Basis of Presentation

CAGI reports its activities in the following expense categories: program services and general and administrative expenses, which consist of all other nonprogram expenses. Program services include Energy and Weatherization, which provides low-income area residents financial assistance with energy costs; Children and Youth, which includes the Foster Grandparent Program; and Housing and Welfare, which helps fund various basic repairs to eligible homes. Expenses that are common to these two categories are allocated based upon management's estimate. For example, salaries and wages expense is allocated based on management's estimate of employee time spent on program services and general and administrative activities.

In accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*, CAGI reports information regarding its financial position and activities in three categories of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets include resources which are not subject to donor-imposed restrictions and those resources for which donor-imposed restrictions have been satisfied. Donor-restricted contributions and grants whose restrictions were met in the same year are reported as unrestricted support. Temporarily restricted net assets include assets of CAGI related to contributions with explicit donor-imposed restrictions that may or will be met either by action of CAGI and/or the passage of time. Permanently restricted net assets include assets subject to donor-imposed stipulations in that they are to be maintained permanently by CAGI.

Revenue and support are reported as increases in the appropriate category of net assets for CAGI. Expenses are reported as decreases in unrestricted net assets for CAGI. Gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. CAGI had $725,000 in temporarily restricted net assets and no permanently restricted net assets at December 31, 2012.

Effective January 1, 2012, in accordance with ASC 810-10-15-17 which excludes not-for-profits from consolidating variable interest entities, CAGI changed its reporting entity structure to exclude previously consolidated variable interest entities of which CAGI has determined that it is the primary beneficiary. This change was effected to provide more useful financial statements to users and funding agencies concerned with CAGI's not-for-profit activities. The change did not require retrospective application as prior period consolidated financial statements were properly stated as a whole. CAGI held no direct financial interest in previously consolidated variable interest entities and therefore no material gain or loss resulted upon application of ASC 810-10-15-17. See Note 2.

CAGI also did not consolidate the financial activity of CAGI Housing, Inc. ("Housing"), a wholly owned subsidiary. Housing is immaterial to the financial statements of CAGI and had no activity during 2012. See Note 2.

Basis of Accounting

The financial statements for CAGI are prepared in conformity with the basis of accounting prescribed or permitted by the federal grantors, as listed in the schedule of expenditures of federal awards. This basis of accounting differs from accounting principles generally accepted in the United States of America. Except as described in the following paragraphs, CAGI's financial statements are prepared using the accrual basis of accounting whereby revenues and assets are recorded when earned and expenses and liabilities are recorded when incurred.

Accounts Receivable

Accounts receivable consists primarily of amounts due from claims submitted by CAGI against federal, state and local grants. The Federal Government of the United States, the State of Indiana and the City of Indianapolis, combined, account for approximately 97% of the accounts receivable of CAGI at December 31, 2012. Based upon prior history and management's assessment of collectability, no allowance has been deemed necessary for accounts receivable.

Management has determined that operating advances to and interest earned from certain related parties are to be reserved. No amounts related to operating advances to and interest earned from these related parties have been recorded in the Statement of Financial Position or Statement of Activities as of and for the year ended December 31, 2012. See Note 2.

Inventory

Materials and supplies are charged to expense during the period of purchase. As a result, no inventory is recognized for these items in the accompanying financial statements.

Property and Equipment

Buildings are depreciated over their estimated useful life of 40 years using the straight-line method. Building improvements are depreciated over their useful life of 5, 10 or 15 years using the straight-line method. Equipment is depreciated over its estimated useful life of five years using the straight-line method.

Equipment purchased by CAGI with federal and state grant funds is charged to expense in the period in which it is purchased instead of being recognized as an asset and depreciated over its useful life. As a result, the expenses reflected in the accompanying financial statements include the cost of equipment purchased with federal and state grant funds during the year rather than a provision for depreciation on equipment.

The equipment purchased is used in the program for which it was purchased or in other future authorized programs. Funding agencies obtain a reversionary interest in any proceeds from the sale of equipment when the original acquisition was paid with federal or state grant funds.

Property and equipment received by CAGI without donor-imposed restrictions is classified as unrestricted net assets.

Long-lived Assets

CAGI reviews the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Any long-lived assets held for sale are reported at the lower of their carrying amounts or fair value less the estimated cost to sell.

Revenue Recognition

CAGI recognizes revenues from cost-reimbursement grants in the period in which the related expenses are incurred. Reimbursements requested for grant funds under cost-reimbursement programs prior to related expenses being incurred are recognized as deferred revenue. Development fees earned for services provided in the development of low-income housing tax credit projects are deferred until collected.

Income Taxes

CAGI is a not-for-profit organization incorporated under the laws of the State of Indiana and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. CAGI files income tax returns in the U.S. federal jurisdiction and one state. CAGI is no longer subject to U.S. federal or state income tax examinations by tax authorities for the years prior to 2009. Such tax examinations could include questioning CAGI's tax exempt status and compliance with federal, state, and local tax laws. As of and for the year ended December 31, 2012, tax authorities have not proposed any adjustments that would result in a material change to CAGI's financial position. No tax related interest or penalties have been recorded in these financial statements. GAAP requires an entity to recognize the financial statement impact of a tax benefit position when it is more likely than not that the position will be sustained upon examination. CAGI does not believe it is taking any uncertain tax benefit positions.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses including asset impairment losses. Actual results could differ from those estimates.

Cash and Cash Equivalents

CAGI considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Advertising Costs

CAGI incurs advertising costs in the normal course of business, which are expensed as incurred. Advertising costs totaled $9,497 during the year ended December 31, 2012.

2. Related Parties

CAGI is affiliated with Franklin School Apartments, L.P., 21st Street Seniors, L.P., 21st Street Seniors II, L.P., and Commons at Spring Mill, L.P. (collectively, the “Partnerships”), which are all affordable housing developments. CAGI has made various guarantees related to the financing, management, performance, maintenance and operation of the Partnerships and certain creditors of these entities may have recourse to CAGI’s assets. Also, CAGI has the power to direct the activities that significantly impact the economic performance of these entities including management oversight and strategic decision making. Should the Partnerships require additional support in the future, it is expected that CAGI would provide it due to the guarantees provided. The related partnership agreements provide for the sale of these multifamily apartment complexes to third parties at the administrative and/or limited partner’s option, after completion of the compliance period (defined as 15 taxable years beginning with the first taxable year). The agreements also give CAGI the right of first refusal to acquire the administrative and limited investor partners’ interest at the end of the compliance period for a sum equal to the minimum purchase price as defined in the agreements. Furthermore, in the event of noncompliance, CAGI could be required to return the limited partners’ contributions or to purchase the limited partners’ interests in accordance with the terms of the agreements.

At December 31, 2012, the Partnerships had cash of $226,433, receivables and other current assets of $24,868, property and intangible assets, net of depreciation of $24,315,390, reserves and escrows of $545,207, debt obligations of $11,575,126, accounts payable and accrued expenses of $889,579 and development fees payable of $1,663,381. Total equity of the Partnerships was $10,983,812 at December 31, 2012. The Partnerships incurred a decrease to partners’ equity of $793,115 for the year ended December 31, 2012.

Operating Advances

CAGI makes periodic advances to related parties to cover operating expenses. During the year ended December 31, 2012, CAGI advanced $13,412 to related parties for operating expenses. All advances due from related parties for operating expenses are reserved by CAGI (see Note 13). Accordingly, operating advances are recorded in Other Expense on the Statement of Functional Expenses.

Development Fees

In 2009, CAGI began deferring the recognition of all development fees until collected. At December 31, 2012, CAGI had recorded development fees receivable and related interest receivable in the amount of $913,591 as Other Assets, of which $777,003 was deferred and is recorded in Other Long-Term Liabilities on the Statement of Financial Position. During the year ended December 31, 2012, development fee income of $6,429 was recognized and $65,456 in payments were received. See Note 13.

Notes Receivable and Interest Income

At December 31, 2012, CAGI had advanced notes receivable to a related party with the following long-term obligations:

- Affordable Housing Grant in the amount $500,000. The grant is to be repaid to CAGI to the extent of 75% of annual cash flow generated by the related party with any unpaid amounts due on December 31, 2032. The note is interest free and is secured by a second mortgage on the multifamily apartment complex. See Note 4.

- HOME Investment Partnership Program Grant in the amount of $700,000. The grant is to be repaid to CAGI on the earlier of December 31, 2033 or on the date of sale of the multifamily apartment complex. This note bears interest at the rate of 4.9% per annum. The note is secured by a third mortgage on the multifamily apartment complex.

- CDBG Grant in the amount of $25,000. This note is to be repaid to CAGI on December 31, 2032. The note bears interest at the rate of 5.69% per annum. The note is secured by a fourth mortgage on the multifamily apartment complex.

During the year ended December 31, 2012, CAGI earned interest income in the amount of $35,723 related to notes receivable from a related party. At December 31, 2012, total interest due on these related party notes receivable was $326,322. These amounts are not included in the Statement of Financial Position or Statement of Activities as of and for the year ended December 31, 2012, as these amounts have been offset by an allowance for the same amount. See Note 13.

Other Related Parties

CAGI has three additional corporations affiliated with it: Community Economic Development Corporation, CAAP Housing, Inc., and Community Action of Greater Indianapolis Foundation, Inc. Community Economic Development Corporation requires that their Board members also be Board members of CAGI.

The Board members of CAAP Housing, Inc. are members of management of CAGI.

From time to time, CAGI purchases and provides contracted services on behalf of CAAP Housing, Inc. There were no revenues or expenses related to these activities for the year ended December 31, 2012. There was no amount due from CAAP Housing, Inc. at December 31, 2012.

Community Economic Development Corporation and Community Action of Greater Indianapolis Foundation, Inc. had no activity during the year ended December 31, 2012. Community Action of Greater Indianapolis Foundation, Inc. closed in 2012.

3. Property and Equipment

CAGI owns two buildings and five houses as of December 31, 2012. The houses are used in CAGI's Transitional Housing Program. Other personal property is also owned by CAGI. Property and equipment for CAGI consist of the following:

Land and land improvements	$ 8,500
Building (46th Street)	552,567
Building (Boone County)	765,995
Building improvements (Boone County)	467,092
Houses	140,398
Personal property	16,694
	1,951,246
Less accumulated depreciation	(487,855)
	$ 1,463,391

4. Notes Payable

Note payable, bank, in 56 monthly installments of $8,571 and one balloon payment of $447,187, including interest at 6.35%. Due October 1, 2015. Secured by a mortgage on the building in Boone County.	**$ 635,700**
Note payable, bank, noninterest-bearing. Forgivable by bank on the 15th anniversary of the completion date of the construction of the FSA low-income housing apartment building if provisions of the agreement are complied with through the date of the note and no demand for payment is made prior to the 15th anniversary. Secured by a mortgage on the Franklin School Apartments building. See Note 2.	**500,000**
Note payable, bank, in monthly installments of $3,487 and one balloon payment of $344,021, including interest at 4.179%. Due June 10, 2016. Secured by a mortgage on the building on 46th Street.	**432,606**
	1,568,306
Less current portion	**(89,418)**
Long-term portion	**$ 1,478,888**

Scheduled minimum annual principal repayments of long-term debt in each of the next five years are as follows:

Year Ending December 31,	
2013	$ 89,418
2014	94,674
2015	527,896
2016	356,318
2017	-0-
Thereafter	500,000
	$ 1,568,306

5. Pension Plan

CAGI has a 403(b) Plan (the "Plan") in which employees are eligible to participate from their date of hire. Employees who have completed 1,000 hours of service are eligible to receive discretionary employer contributions as defined in the plan document. Participants may contribute a percentage of their pretax annual compensation to the Plan up to the maximum allowable under the Internal Revenue Code and CAGI may make discretionary contributions to the Plan on behalf of the employees. The participants are 100% vested after five years of credited service in the discretionary contributions and immediately vested in any participant contributions. CAGI made no contributions to the Plan during the year ended December 31, 2012. The Plan was terminated on December 31, 2012.

6. Concentrations

Funding

CAGI is substantially funded by grants awarded by the federal government. The majority of the agreements contain provisions which permit the arrangements to be terminated or the funds provided to be reduced if the unit of government does not appropriate an adequate amount of funds to maintain the current funding levels. Any deferred revenue or excess funds on hand under cost reimbursement grants at the termination date would be subject to refund if such funds exceeded the accrued expenditures allowable under the grants and contracts at that date.

In the normal course of operations, CAGI receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. In the opinion of management, the audits will not result in a material liability to CAGI.

Credit Risk

CAGI maintains substantially all temporary cash investments at high credit quality financial institutions. From time to time, such balances may exceed federally insured limits. At December 31, 2012, cash accounts in excess of federally insured amounts totaled $78,246. CAGI has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

7. Lease Commitment

CAGI leases space at a building in Marion County at their primary location. This lease was originally signed in 2011. An addendum was signed in 2012 as some additional space was leased. The monthly lease payments are $19,624 and escalate up to $24,084 through October, 2021. CAGI also leases office space in two surrounding counties. These leases, requiring monthly payments of $865 and $1,700, respectively, expire through March, 2017. CAGI leases various office equipment with monthly payments ranging from $91 to $2,902, which expire through November, 2017. Lease and occupancy expense related to the above leases totaled $345,289 for the year ended December 31, 2012.

The minimum lease commitments for the above leases are as follows:

Year Ending December 31,	
2013	$ 370,378
2014	377,434
2015	388,138
2016	377,886
2017	309,233
	$ 1,823,069

8. Line of Credit

CAGI has a line of credit with a bank with maximum availability in the amount of $300,000. Interest is payable monthly at the Bank's daily LIBOR rate plus 3.0% (3.21% at December 31, 2012). This line of credit is due on January 13, 2013 and is secured by substantially all assets of CAGI. The line of credit had no outstanding borrowings at December 31, 2012.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets include assets of CAGI related to contributions with explicit donor-imposed restrictions that may or will be met either by action of CAGI and/or the passage of time. Temporarily restricted net assets as of December 31, 2012 were received from the following:

HOME Investment Partnership Program Funds	$ 700,000
Community Development Block Grant Funds	25,000
	$ 725,000

10. Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 855, *Subsequent Events*, CAGI has evaluated subsequent events through June 28, 2013, which is the date these financial statements were available to be issued. CAGI's line of credit was scheduled to mature January 13, 2013. The bank has extended the line of credit until January 2014.

11. Fair Value Measurements

CAGI's financial assets and liabilities are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CAGI believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial assets and liabilities could result in a different fair value measurement at the reporting date.

CAGI has adopted FASB Accounting Standards Codification Topic 820, *Fair Value Measurement* ("ASC 820") for financial assets and liabilities. ASC 820 defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America and expands disclosures about fair value measurements.

ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires that an organization maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities. Fair values for cash are determined by reference to quoted market prices and other relevant information generated by market transactions.

- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, similar assets and liabilities in markets that are not active or can be corroborated by observable market data.

- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs

The following table presents information on these assets and liabilities as well as the fair value hierarchy used to determine their fair value:

	Level 1: Quoted Prices In Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Total Fair Value at December 31, 2012
Assets			
Cash and cash equivalents	$ 421,188	$ -0-	$ 421,188
Total	$ 421,188	$ -0-	$ 421,188
Liabilities			
Long-term debt, including current portion	$ 1,568,306	$ -0-	$ 1,568,306
Total	$ 1,568,306	$ -0-	$ 1,568,306

12. Commitments and Contingencies

CAGI is a party to action and claims arising in the ordinary course of business. In the opinion of management and legal counsel, the claims and actions can be resolved in a manner which will not result in a material liability to CAGI.

13. Prior Period Adjustment

As a result of the change in reporting entity described in Note 1, CAGI has not eliminated intercompany activity as of and for the year ended December 31, 2012 associated with related parties that were consolidated in prior years. Accordingly, CAGI has recorded a prior period adjustment to total net assets in the amount of $1,141,896 to reserve for certain related party receivables, operating advances and other assets that were eliminated in prior year financial statements. No restatement of prior years is required as the consolidated statements were properly stated as a whole.

Supplemental Information

Community Action of Greater Indianapolis, Inc.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2012

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Grant Expenditures
Department of Health and Human Services:		
Passed through Indiana Housing and Community Development Authority:		
Community Services Block Grant	93.569	$ 1,324,005
Low Income Home Energy Assistance	93.568	13,567,479
Total Department of Health and Human Services		14,891,484
Department of Energy:		
Passed through Indiana Housing and Community Development Authority:		
Weatherization Assistance for Low-income Persons	81.042	216,241
Department of Housing and Urban Development:		
Passed through City of Indianapolis:		
Community Development Block Grant-Home Repair	14.218	232,370
Passed through Indiana Housing and Community Development Authority:		
Section 8 Housing Choice Vouchers	14.871	1,615,088
Passed through City of Indianapolis and Marion County Health Department:		
LEAD Based Paint Hazard Control in Privately-Owned Housing Program	14.900	82,201
Total Department of Housing and Urban Development		1,929,659
Corporation for National and Community Service:		
Direct Program:		
Foster Grandparents Program	94.011	219,105
Total federal awards expended		$ 17,256,489

Community Action of Greater Indianapolis, Inc.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2012

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the federal award expenditures disbursed by Community Action of Greater Indianapolis, Inc. received from the federal government for the year ended December 31, 2012.

For the purpose of the Schedule, federal awards include pass-through funds from grants and contracts entered into directly between CAGI and state or local agencies and departments of the federal government. Expenditures for these federal pass-through programs, as well as nonpass-through programs, are recognized on the accrual basis of accounting.

Equipment

Equipment purchased with federal and state grant funds is charged to expense in the period in which it is purchased instead of being recognized as an asset and depreciated over its useful life. As a result, the expenses reflected in the accompanying schedule include the cost of equipment purchased with federal and state grant funds during the year rather than a provision for depreciation on equipment.

The equipment acquired is used in the program for which it was purchased or in other future authorized programs. Funding agencies obtain a reversionary interest in any proceeds from the sale of equipment when the original acquisition was paid with federal or state grant funds.

Property and equipment received without donor-imposed restrictions is classified as unrestricted net assets.

Inventory

Materials and supplies are charged to expense during the period of purchase. As a result, no inventory is recognized for these items in the accompanying financial statements.

2. Summary of Significant Accounting Policies for Federal Award Expenditures

Expenditures consist of direct and indirect costs. Direct costs are those that can be readily identified with an individual federally sponsored program. Benefit payments made on behalf of an eligible recipient and the materials consumed by the program are examples of direct costs.

Unlike direct costs, indirect costs cannot be readily identified with an individually sponsored project. Indirect costs are the costs of services and resources that benefit many projects as well as nonsponsored projects and activities. Indirect costs primarily consist of expenses incurred for administration, payroll taxes and fringe benefits.

3. Management Use of Estimates

The above basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities reported in the Schedule of Expenditures of Federal Awards. Actual results could differ from those estimates.

AGRESTA, STORMS & O'LEARY PC
CERTIFIED PUBLIC ACCOUNTANTS

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 Greater Indianapolis, Inc.
(an Indiana Not-For-Profit Corporation)
Indianapolis, 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 Greater Indianapolis, Inc., which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 28, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 12-02 that we consider to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Action of Greater Indianapolis, Inc.'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 12-01.

We noted certain matters that we have reported to management in a separate letter dated June 28, 2013.

Community Action of Greater Indianapolis, Inc.'s Response to Findings

Community Action of Greater Indianapolis, Inc.'s response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Organization'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 result 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 Community Action of Greater Indianapolis, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ayesta, Storms & O'Leary, PC

Indianapolis, Indiana
June 28, 2013

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Directors
Community Action of Greater Indianapolis, Inc.
(an Indiana Not-For-Profit Corporation)
Indianapolis, Indiana

Report on Compliance for Each Major Program

We have audited Community Action of Greater Indianapolis, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2012. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 *OMB Circular A-133*, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133). Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Organization'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 with each major program. However, our audit does not provide a legal determination of Community Action of Greater Indianapolis, Inc.'s compliance.

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Basis for Qualified Opinion on Low Income Home Energy Assistance

As described in the accompanying Schedule of Findings and Questioned Costs, Community Action of Greater Indianapolis, Inc. did not comply with requirements regarding CFDA 93.568 Low Income Home Energy Assistance as described in finding number 12-01 for eligibility consideration and documentation. Compliance with such requirements is necessary, in our opinion, for Community Action of Greater Indianapolis, Inc. to comply with the requirements applicable to that program.

Qualified Opinion on Low Income Home Energy Assistance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Community Action of Greater Indianapolis, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 93.568 Low Income Home Energy Assistance for the year ended December 31, 2012.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Community Action of Greater Indianapolis, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2012.

Report on Internal Control over Compliance

Management of Community Action of Greater Indianapolis, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization'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 OMB Circular A-133, 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 Community Action of Greater Indianapolis, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as 12-01 to be a material weakness.

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.

Community Action of Greater Indianapolis, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Organization'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Apesta, Storms & O'Leary, PC

Indianapolis, Indiana
June 28, 2013

Community Action of Greater Indianapolis, Inc.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2012

SECTION I—SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified			
Internal control over financial reporting:				
Material weakness(es) identified?		yes	X	no
Significant deficiencies identified that are not considered to be material weaknesses?	X	yes		no
Noncompliance material to the financial statements noted?	X	yes		no

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	X	yes		no
Significant deficiencies identified that are not considered to be material weaknesses?		yes	X	no
Type of auditor's report issued on compliance for major programs	Qualified			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	X	yes		no

Identification of major programs

CFDA #	Name of Federal Program or Cluster
93.569	Community Services Block Grant
93.568	Low Income Home Energy Assistance
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B programs:	$524,658			
Auditee qualified as a low-risk auditee?		yes	X	no

SECTION II – FINANCIAL STATEMENT FINDINGS
SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDINGS - SECTION II AND SECTION III COMBINED

Department of Health and Human Services

CFDA 93.568 Energy Assistance

12-01 – COMPLIANCE FINDING AND MATERIAL WEAKNESS

Statement of Condition: Selected 70 files and 4 claims to test and noted the following:

- 6 instances where Points to Remember forms were either not signed or not included in the files;
- 3 instances where either no zero income affidavit was signed or included in the file or no explanation of how living expenses are met was included in the file;
- 2 instances where proof of income documentation was not included in the files;
- 1 instance where the client's application was not signed by a representative of the Organization;
- 1 instance where the client's benefit was paid to the incorrect utility company. Also noted in this file that the benefit was improperly capped;
- 1 instance where income was not included in the benefit calculation resulting in excessive matrix points being calculated;
- Not all signed transmittals could be located;
- 5 instances where files were not provided.

Criteria: Eligibility files are required to be maintained and include certain information including: properly completed applications, income verification, and utility bill verifications. Matrix points should be awarded based on the current Energy Assistance Program Benefit Matrix form. Income should be calculated using current and complete information. Zero income affidavits should be signed when applicable and an explanation of how the client is meeting living expenses should be obtained. The Organization is required to sign the Transmittal Summary Attachment to signify approval of the obligation to the vendor.

Effect: Eligibility for the recipients cannot be verified without the required documentation and the amount of assistance awarded may not be correct due to the potential of incorrect matrix points being awarded.

Cause: The control procedures over the intake and quality control procedures did not operate effectively. In addition, accepted income verification from a state agency being used to annualize income may not contain current and complete information.

Community Action of Greater Indianapolis, Inc.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2012

Questioned Costs: $922 Known

Recommendation: Control procedures over intake and other quality control procedures should be reviewed by management to determine if they are adequate. In addition, management should evaluate the use of certain income documentation to ensure that an accurate income figure is used for recipients.

Management Response: Management has done a risk-based assessment of the program and as a result has produced new policies and procedures to address those risks. Management has made personnel changes and has assigned the Vice President of Programs to oversee the Energy Assistance Program. Hiring practices have been improved through the use of a contract human resources firm. The Organization is also using less seasonal employees and more full-time employees for intake, while continuing to focus on training of those employees. This risk assessment and these policies and procedures were put into place in late 2012. The Organization also made changes to the file production room which they believe creates a more efficient and organized physical layout. A satellite office which facilitates a significant portion of the Organization's intake was also remodeled to provide more efficiency. Management feels that the method used in the application process to calculate income from the State provided verification reports does conform to the method prescribed by the oversight agency.

INTERNAL CONTROL OVER FINANCIAL REPORTING

12-02 – SIGNIFICANT DEFICIENCY

Statement of Condition: The Organization paid for continuing telecommunications services at their previous office location that were billed by the vendor in error after the Organization moved.

Criteria: When the Organization moved office locations in 2011, IT personnel were responsible for notifying the telecommunications vendor of the relocation and requesting discontinuation of services at the previous location. The Organization realized that these services at the previous location were continuing to be billed for and paid during 2012.

Effect: Expenses were paid that should not have been incurred by the Organization.

Cause: During the Organization's relocation, IT personnel were given the responsibility of discontinuing telecommunications services at the previous location and setting up services at the new location. The Organization feels that lack of proper communication by the IT department and oversight of the department's personnel caused the continual billing of services at the previous location to go unnoticed.

Questioned Costs: $40,000 (estimated)

Recommendation:	Control procedures over IT personnel and other control procedures related to vendor maintenance should be reviewed by management to determine if they are adequate.
Management Response:	The Organization researched the overpayment issue and worked with the telecommunications vendor to secure a refund of $40,000 plus taxes and fees in 2013. The two individuals in the IT department at the time of the relocation in 2011 have since been terminated. Management has reviewed the control procedures that allowed the overpayment to occur and had modified its procedures to prevent this from occurring in the future.

Community Action of Greater Indianapolis, Inc.

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2012

<u>Department of Housing and Urban Development</u>

CFDA 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing

11-01 – COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY

Statement of Condition: Selected 6 files including related invoices along with a random sample of 10 additional program invoices to test and noted the following: Files were not properly completed and maintained in accordance with regulations. Documentation and other deficiencies noted in the sample were:

- 6 instances where proof of income for residents was not available;
- 3 instances where the owner investment was greater than 25% or there was no owner investment at all;
- 2 instances where the low bid was not selected;
- 1 instance each where project invoices were not located in the file, signed contracts and/or winning bid proposals were not present, the competitive bid process was not evident from documents in the file, and the contract was not signed by CAGI.

Recommendation: The Organization should either perform all of the procedures that have been assigned to them in the contract or renegotiate the contract to assign responsibility for the project management to the passthrough organization. In addition, control procedures over compliance should be reviewed by management to determine their effectiveness.

Management Response: Management has made personnel changes regarding the oversight of the program. The Organization's internal auditor has and will continue to audit the program and provide recommendations for improvement. The Organization will work with the new pass-through organization, which changed in 2013.

Current Status: Not cleared

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2012

<u>Department of Health and Human Services</u>

CFDA 93.568 Energy Assistance

11-02 – COMPLIANCE FINDING AND MATERIAL WEAKNESS

Statement of Condition: Selected 76 files and 4 claims to test and noted the following:

- 27 instances where Points to Remember forms were either not signed or not included in the files;
- 4 instances where either no zero income affidavit was signed or included in the file or no explanation of how living expenses are met was included in the file;
- 4 instances where no proof of income was included in the files;
- 1 instance each where the utility invoice was addressed to an individual not on the application, application was not signed by a representative of the Organization, no matrix worksheet was present in the file, and the application and matrix each showed different crisis benefits, but no crisis benefit was awarded;
- Various instances where income calculations were not done properly but did not affect matrix points;
- Noted a large number of transmittals were not signed by an Organization representative.

Selected an additional 209 files to perform risk-based testing that focused on income eligibility (pass/fail). We noted the following:

- 8 instances where files were not provided;
- 3 instances where income was calculated incorrectly. The actual household income was calculated to be at a level that exceeds the maximum income on the matrix to qualify for any benefit;
- Various instances where income calculations were not done properly but did not disqualify the client from some type of benefit;
- Noted that policies related to executive review of employee energy assistance applications are not being followed.

Recommendation: Control procedures over intake and other quality control procedures should be reviewed by management to determine if they are adequate. In addition, management should evaluate the use of certain income documentation to ensure that an accurate income figure is used for recipients.

Community Action of Greater Indianapolis, Inc.

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2012

Management Response:	Management has done a risk-based assessment of the program and as a result has produced new policies and procedures to address those risks. Management has made personnel changes and has assigned the Vice President of Programs to oversee the Energy Assistance Program. Hiring practices have been improved through the use of a contract human resources firm. The Organization is also using less seasonal employees and more full-time employees for intake, while continuing to focus on training of those employees. This risk assessment and these policies and procedures were put into place in late 2012. The Organization also made changes to the file production room which they believe creates a more efficient and organized physical layout. A satellite office which facilitates a significant portion of the Organization's intake was also remodeled to provide more efficiency. Management feels that the method used in the application process to calculate income from the State provided verification reports does conform to the method prescribed by the oversight agency.
Current Status:	See current year finding 12-01