NORTHEAST IOWA COMMUNITY
ACTION CORPORATION

FINANCIAL REPORT

JANUARY 31, 2006

TABLE OF CONTENTS

		Page
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS		1
FINANCIAL STATEMENTS	Exhibit	
Statement of Financial Position	A	2
Statement of Activities	B	3
Statement of Functional Expenses	C	4
Statement of Cash Flows	D	5
Notes to Financial Statements		6-16
INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION		17
SUPPLEMENTARY INFORMATION	Schedule	
Combining Statement of Financial Position		
By Funding Source	1	18
Local Funds	2	19-20
Combining Statement of Revenues, Expenditures and Changes in Fund Balances		
By Funding Source	3	21
Local Funds	4	22-23
State Department of Health and Human Services	5	24-25
Department of Homeland Security	6	26
State Department of Human Rights	7	27-28
State Department of Health	8	29
State Department of Economic Development	9	30
U.S. Department of Agriculture	10	31
Other Sources	11	32
Schedule of Cumulative Revenues, Expenditures and Changes in Fund Balance on Completed Contracts		
Federal		
Department of Homeland Security	12	33-36
U.S. Department of Health and Human Services	13-25	37-49
State Department of Human Rights	26-31	50-55
State Department of Health	32-33	56-57
State - Department of Economic Development	34	58
State - Department of Education	35	59-60
Other Sources - Transit Program	36	61
Weatherization Assistance Program	37	62-63
Schedule of Findings and Questioned Costs	38	64
Schedule of Expenditures of Federal Awards	39	65-67
Notes to the Schedule of Expenditures of Federal Awards		68
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*		69
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133		70-71
MANAGEMENT LETTER		72-73

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors
Northeast Iowa Community Action Corporation
Decorah, Iowa

We have audited the accompanying statement of financial position of Northeast Iowa Community Action Corporation (a nonprofit corporation) as of January 31, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Northeast Iowa Community Action Corporation as of January 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2006, on our consideration of Northeast Iowa Community Action Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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* and should be considered in assessing the results of our audit.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
April 27, 2006

EXHIBIT A

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

STATEMENT OF FINANCIAL POSITION
January 31, 2006

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 2,288,094
Receivables	
Funding source	896,582
Other	193,046
Due from affiliate	150,398
Total current assets	3,528,120
PROPERTY AND EQUIPMENT, net	1,327,709
OTHER ASSETS	
Investment in affiliates	515,479
Total assets	$ 5,371,308

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	
General	$ 519,839
Current portion of long-term debt	17,138
Deferred revenue	852,214
Total current liabilities	1,389,191
LONG-TERM DEBT	
Notes payable, less current portion	488,847
NET ASSETS	
Unrestricted	3,493,270
Total liabilities and net assets	$ 5,371,308

See Notes to Financial Statements.

EXHIBIT B

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

STATEMENT OF ACTIVITIES
Year Ended January 31, 2006

REVENUE AND OTHER SUPPORT	
Federal and state grants	$ 7,901,736
Local	1,532,663
Interest	31,771
Contributions	77,094
Total revenues and other support	9,543,264
EXPENDITURES	
Program services	8,780,795
Supporting services	
Management and general	551,351
Fundraising	59,140
Total expenditures	9,391,286
Change in net assets from operations	151,978
OTHER CHANGES	
Equity in limited partnerships earnings	(4)
Change in net assets	151,974
NET ASSETS, beginning of year	3,341,296
NET ASSETS, end of year	$ 3,493,270

See Notes to Financial Statements.

EXHIBIT C

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended January 31, 2006

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Employee salaries	$ 3,253,763	$ 271,363	$ 41,740	$ 3,566,866
Employee fringe benefits	1,043,454	75,586	7,179	1,126,219
Contractual	294,877	79,955	3,998	378,830
Travel	67,556	36,891	1,845	106,292
Space costs	227,281	13,007	650	240,938
Consumable supplies	529,821	23,935	1,197	554,953
Equipment	182,881			182,881
Direct assistance	1,675,057			1,675,057
Depreciation	66,322			66,322
Food	553,369			553,369
Vehicle costs	300,805			300,805
Other	559,400	50,614	2,531	612,545
Contributed materials, facilities and services	77,094			77,094
Capitalization of equipment and contributed materials and services	(50,885)			(50,885)
Total expenditures	$ 8,780,795	$ 551,351	$ 59,140	$ 9,391,286

See Notes to Financial Statements.

EXHIBIT D

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

STATEMENT OF CASH FLOWS
Year Ended January 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 151,978
Adjustments to reconcile change in net assets to net cash used in operating activities	
Purchase of equipment included in expenses	124,387
Depreciation	66,322
Loss from limited partnerships	(4)
(Increase) decrease in:	
Receivables	
Funding source	(473,069)
Other	62,406
Increase (decrease) in:	
Payables	
General	157,466
Due to funding source	-
Deferred revenue	(295,588)
Net cash used in operating activities	(206,102)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	(183,403)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on debt	(16,863)
Payments received from affiliates	9,566
Net cash used in financing activities	(7,297)
Net decrease in cash	(396,802)
CASH AND CASH EQUIVALENTS	
Beginning of year	2,684,896
End of year	$ 2,288,094
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash payments for interest	$ 30,432

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

a. Background and Nature of Activities

Northeast Iowa Community Action Corporation is a non-profit corporation organized under the laws of the State of Iowa. The Corporation was created under the Economic Opportunity Act of 1964. The Community Services Act of 1974 continued the Community Action Program under the Community Services Administration. The Community Services Administration has been disbanded, and since July 1982, the Corporation's administrative costs have been funded by allocation of indirect costs to programs specifically benefited. Primary funding sources consist of federal, state and local agencies.

The Corporation operates programs in seven northeast Iowa counties and is governed by a twenty-one member board of directors, seven members representing low-income people, seven representing the public sector and seven representing private organizations.

The purpose of the Corporation is to stimulate a better focusing of all available resources upon the goal of enabling low-income families and individuals to gain the skills, knowledge and motivation needed for them to become self-sufficient.

The basic programs operated during the year by the Corporation include:

Outreach Program
Workers assisting low-income people in assessing their needs and assisting them in applying for available services.

Educational Related Programs
Operates a comprehensive early childhood development program for economically disadvantaged preschool children and their families.

Energy Related Programs
Works with low-income persons to provide assistance with heating and cooling payments.

Weatherization Programs
Assists low-income persons in weatherizing their homes and decreasing energy consumption.

Regional Transit System Program
Provides public transportation services in five northeast Iowa counties.

Family Planning Program
Provides subsidized family planning to persons in need of family planning, with priority given to low-income individuals and others without access to such services for reasons beyond their control.

Housing Programs
Provides affordable housing to low-income people.

1. Summary of Significant Accounting Policies (Continued)

a. Background and Nature of Activities (Continued)

Family Special Supplementary Food Program for Women, Infants and Children "WIC"

Assists eligible persons in meeting nutritional requirements of pregnant or nursing mothers and children under five years of age in five northeast Iowa counties.

Family Development and Self-Sufficiency

Provides training and assistance for parents receiving aid to dependent children to enable them to be self-sufficient.

Juvenile Justice

To help improve juvenile justice programming.

b. Financial Statement Presentation

The accounts of Northeast Iowa Community Action Corporation are organized on the basis of grants received and are maintained in separate funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenses.

The Corporation follows Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. As required by this statement, the Corporation has prepared its external financial statements to present the three classes of net assets required. The Corporation has no permanently restricted net assets.

Permanently restricted net assets are those that may never be spent by the Organization, including gifts of endowment, as well as the earnings on those assets when permanently restricted by the donor.

Temporarily restricted net assets carry restrictions that expire upon the passage of a prescribed period or upon the occurrence of a stated event as specified by the donor. Included in this category are gifts held by the Corporation pending their use in accordance with donor stipulations.

Unrestricted net assets, as defined by the Financial Accounting Standards Board (FASB), are composed of all resources not included in the above categories. Included are expendable resources used to support the Corporation's core activities. Donor-restricted resources intended for capital projects are released and reclassified as unrestricted support when spent. All expenses are recorded as a reduction to unrestricted net assets.

1. Summary of Significant Accounting Policies (Continued)

b. Financial Statement Presentation (Continued)

Unrestricted net assets (Continued)

However, in reality a substantial portion of these assets are not available for general organization purposes. Included in unrestricted net assets are significant resources subject to contractual agreements with external parties. In addition, a significant portion of these net assets as of January 31, 2006, is invested in the Organization's property and equipment. While FASB requires that all these resources be reported as unrestricted, the Corporation manages them in compliance with Board designations, legal requirements, and contractual obligations.

Federal and state grants are recorded as revenue when earned. The financial statements present any funds received and not expended as deferred revenue. Expenses are recorded when the liability is incurred. Disbursements for the purchase of fixed assets providing future benefits whose title remains with the funding source are recorded as expenses in the program at the time of purchase.

The Corporation follows Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted or temporarily restricted depending on the existence and/or nature of any donor restrictions. Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

c. Investment in Affiliates

The financial statements include the investments of NEICAC in its affiliates, NEICAC Senior Housing Limited Partnership and Decorah Woolen Mill Limited Partnership (the Partnerships) under the equity method. The Corporation is the general partner in the Partnerships, owns a .01% interest, and the Corporation's Board of Directors serve as directors of both Partnerships. The Partnerships were formed to finance the construction and operation of housing complexes in Decorah utilizing low income housing credits. Both Partnerships have a fiscal year end of December 31. NEICAC Senior Housing Limited Partnership and Decorah Woolen Mill Limited Partnership were audited separately as of December 31, 2005 and received unqualified opinions dated February 2, 2006 and January 31, 2006, respectively.

d. Pooled Cash and Cash Equivalents

The Corporation maintains one checking account for handling most of the program funds. Interest earned by this account is allocated to the various programs based upon the average balances on a quarterly basis. The Corporation includes certificates of deposit with cash equivalents since there is no penalty for early withdrawal.

1. Summary of Significant Accounting Policies (Continued)

e. Interfund Receivables/Payables

During the course of its operations, the Corporation has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of January 31, 2006, balances of interfund amounts receivable or payable have been recorded. In accordance with SFAS No. 117, interfund receivables and payables have been eliminated in the Statement of Financial Position.

f. Fixed Assets

Fixed asset purchases funded by grants have been expensed in the grant period. Fixed assets with a cost of $1,923,684 are not included in the Statement of Financial Position since title remains with the funding sources. Equipment purchased with local funds are stated at cost. Depreciation is computed using the straight-line method over the estimated lives of the related assets, which range from 3-40 years. Depreciation expense totaled $66,322 for the year ended January 31, 2006. Accumulated depreciation totaled $693,680 as of January 31, 2006. Expenditures for maintenance repairs and minor replacements are charged to the current year, while major replacements and betterments costing over $2,500 per item are capitalized. The cost of assets disposed of is deleted. Long-lived assets, such as property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying value of the asset exceeds its fair value. The Corporation has not encountered any events in which impairment of fixed assets has occurred.

g. Income Taxes

Northeast Iowa Community Action Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Corporation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for fiscal 2006.

h. Annual Leave and Vacation Leave

The Corporation employees accumulate sick leave and annual leave for subsequent use. These accumulations are not funded and are not recognized as expenses by the Corporation until used.

i. Annual Budget

Northeast Iowa Community Action Corporation does not prepare an agency wide annual budget. The Corporation does, however, prepare individual program budgets that contemplate revenues and expenditures over the life of each program.

j. Concentrations of Credit Risk

Financial instruments that potentially subject the Corporation to significant concentrations of credit risk consist principally of accounts receivables and cash. Receivables are primarily from the U.S. Government, the State of Iowa and local governments in Iowa. These receivables are uncollateralized.

1. Summary of Significant Accounting Policies (Continued)

j. Concentrations of Credit Risk (Continued)

The Corporation's cash balances at two financial institutions fluctuate during the year and at various times exceed the Federal Deposit Insurance Corporation $100,000 insurance limit. The Corporation's funds are considered public funds under state law and are thus secured by pledged investments of a multiple financial institution collateral pool.

k. Management Estimates

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

2. Deposits

At year end the carrying amount of the Corporation's deposits was $2,288,094 and the bank balances totaled $2,293,707. Of the bank balances, $54,029 was covered by federal depository insurance. The balance was covered by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against members of the pool to insure there will be no loss of public funds.

3. Contributed Services

Contributed services, which require special skills that would be purchased if not donated, or create or enhance a nonfinancial asset are recognized in the Statement of Activities. This amount equaled $None for the year ended January 31, 2006. Other donated services are from parents and others which do not meet the requirements to be recognized in the financial statements.

4. Contributed Facilities

The Corporation occupies without charge certain premises located in government owned buildings. The estimated fair rental value of the premises is reported as contributions and contributed facilities in the accompanying financial statements. The amount of contributed facilities for the year ended January 31, 2006 is $77,094.

5. Support from Governmental Units

The Corporation receives substantially all of its support from federal, state and local governments. The federal government is the source for 75% of the Corporation's revenue and support. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Corporation's programs and activities.

6. Indirect Costs

Indirect costs are certain administrative expenditures incurred for a common or joint purpose benefiting more than one program and not readily assignable to the programs specifically benefited. During fiscal 2006, the Corporation's indirect costs were allocated in accordance with its plan as submitted to its cognizant agency, the Department of Health and Human Services.

6. Indirect Costs (Continued)

The indirect cost plan and rate was reviewed and approved by its cognizant agency for the year ending January 31, 2006. The Corporation's approved provisional rate for the year ended January 31, 2006 was 12.9%. This rate applied to the programs included in these financial statements is an estimated finalized rate of approximately 11.89% of base expenditures. The actual rate will be finalized at a later date by the Corporation's cognizant agency. For FY06, the indirect cost plan and rate was determined based on salary and benefits.

7. Equity in Affiliates

The Corporation has minority interests (.01 percent) in both NEICAC Senior Housing and Decorah Woolen Mill, limited partnerships, formed to construct and operate housing facilities in Decorah, Iowa. The partnerships are accounted for under the equity method of accounting. Summary information on the partnerships as of December 31, 2005 follows:

	NEICAC Senior Housing	Decorah Woolen Mill
Assets	$ 929,303	$ 1,821,995
Less liabilities	602,579	468,103
Net assets	$ 326,724	$ 1,353,892
Operating revenues	$ 58,599	$ 57,376
Net loss	$ (9,532)	$ (32,447)
Corporation's interest Share of net loss	$ (1)	$ (3)
Equity in net assets	$ 33	$ 515,446

8. Property and Equipment

A summary of property and equipment, categorized by acquiring program/source, is as follows:

Acquiring Program/Source	Land	Buildings	Vehicles	Equipment	Total
Contributions				$ 223,643	$ 223,643
Head Start Local		$ 455,194			455,194
Transit			$287,173	26,810	313,983
Calmar 6-Plex					
Phase I	$ 9,975	477,568		11,983	499,526
Phase II	9,975	501,715		17,353	529,043
	19,950	1,434,477	287,173	279,789	2,021,389
Less accumulated depreciation	None	304,847	188,239	200,594	693,680
	$19,950	$1,129,630	$ 98,934	$ 79,195	$1,327,709

8. Property and Equipment (Continued)

The components of Northeast Iowa Community Action Corporation's accumulated depreciation at January 31, 2006 is as follows:

	Buildings	Vehicles	Equipment	Total
Balance, beginning of year	$ 268,099	$201,168	$ 188,613	$ 657,880
Current year depreciation	36,748	17,593	11,981	66,322
Current year deletions		(30,522)		(30,522)
Balance, end of year	$ 304,847	$188,239	$ 200,594	$ 693,680

9. Long-term Debt

Details of long-term debt as of January 31, 2006 are as follows:

	Balance Due	
	Total	Current
Calmar 6-Plex I Program		
Bank of the West, Decorah		
5.5% interest bearing note payable, due $498 per month including interest through October 2008, with a balloon payment then due, collateralized by real estate.	$ 38,024	$ 4,453
Iowa Finance Authority		
1.0% interest bearing note payable, due $1,082 annually through May 2011, collateralized by real estate.	6,139	1,020
Calmar 6-Plex II Program		
Bank of the West, Decorah		
5.50% interest bearing note payable, due $1,003 per month including interest through January 2008, with a balloon payment then due, collateralized by real estate.	131,133	6,619
Iowa Finance Authority		
1.0% interest bearing note payable, due $1,309 annually through May 2011, collateralized by real estate.	9,924	1,210
Waukon Head Start Building		
United States Department of Agriculture		
4.75% interest bearing note payable, due $1,615 monthly including interest through November 2042, collateralized by real estate.	320,765	3,836
	$ 505,985	$ 17,138

9. Long-term Debt (Continued)

Maturities of long-term debt during the years following January 31, 2006 are as follows:

Long-term debt maturities	
2007	$ 17,138
2008	135,431
2009	35,441
2010	6,720
2011	6,958
2012-2016	31,475
2017-2021	33,953
2022-2026	43,035
2027-2031	54,546
2032-2036	69,136
2037-2041	36,255
2042-2043	35,897
	$ 505,985

Interest expense totaled $30,432 for the year ending January 31, 2006. No interest cost was capitalized for the year ended January 31, 2006.

10. Pension and Retirement Benefits

The Corporation contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the Corporation is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The Corporation's contribution to IPERS for the years ended January 31, 2006, 2005, and 2004 were $192,662, $182,845, and $175,854, respectively, equal to the required contributions for each year.

11. Leases

The Corporation leases office space from Winneshiek County for $4,346 per month on a month to month basis. The Corporation is required to provide insurance and upkeep on the building.

The WIC Program leased a 2005 Dodge Grand Caravan for $408 a month for 36 months. The Corporation provides insurance and maintenance on the vehicle. The lease expires August 2007.

The Weatherization Assistance Program leases storage space in West Union, Iowa at an annual cost of $540. This lease expires July 2006. Northeast Iowa Community Action Corporation provides insurance on stored materials.

The Corporation leases Outreach office space from Fayette County for $240 per month on a month to month basis.

The Bremer County Family Service office leases office space in Waverly, Iowa for $450 per month. The lease expires August 2009.

11. Leases (Continued)

The Transit Program leases garage space from Kenneth Schatz for $450 per month in West Union. The lease expired October 2005. The lease was amended to include wash bay and office space and vehicle parking space for $800 per month. The lease expires June 2010.

The Corporation leases office space from Upper Explorerland Regional Planning Commission for $30 per month. The lease expires on June 30, 2006.

The Head Start Program leases classroom space under various agreements as follows:

Center	Period of Lease	Monthly Rent
Monona HS	July 1, 2005 to June 30, 2006	$ 750
Postville CD	July 1, 2005 to June 30, 2006	500
Gunderson Clinic	March 1, 2005 to February 28, 2009	850

Head Start Program has space donated for several classrooms but the Corporation must pay a monthly amount to cover utilities. Each center must provide equipment required to operate and provide insurance for the equipment and employees. The following is a summary of the Head Start and child development leases:

Center	Period of Lease	Monthly Utility Payment
Howard-Winn. CSD HS	July 1, 2005 to June 30, 2006	$ 225
Riceville HS	July 1, 2005 to June 30, 2006	150
Starmont HS	July 1, 2005 to June 30, 2006	400
First United Church CD	July 1, 2005 to June 30, 2006	300
Rainbow Land Preschool	Sept. 1, 2005 to August 31, 2006	500
Guttenberg HS	July 1, 2005 to June 30, 2006	300
St Benedict Church	June 1, 2005 to May 31, 2006	450
Elkader Child Care	Sept. 1, 2005 to June 30, 2006	500
Oelwein CSD	August 1, 2005 to July 31, 2006	350

The future minimum lease payments required under the operating leases that have initial or remaining non-cancelable lease terms are $20,936 as of January 31, 2006.

The Corporation acts as a lessor, and leases four transit vans and two transit buses to other nonprofit agencies. These leases are annual leases. The lease payments are $630 per year. These leases are for one year periods with no future lease commitments at January 31, 2006.

12. Contingent Liabilities

The Corporation participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the Corporation may be required to reimburse the grantor government. As of January 31, 2006 significant amounts of grant expenditures have not been audited by granting authorities but the Corporation believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the Corporation.

12. Contingent Liabilities (Continued)

The Corporation is the general partner in NEICAC Senior Housing Limited Partnership (the Partnership). The Partnership constructed a 16 unit senior housing complex in Decorah, Iowa at a total cost of $980,520. The funds for the project were provided by loans from the Iowa Department of Economic Development of $383,779 and the Iowa Finance Authority of $21,658. Also, the construction was financed by the sale of $466,000 of low income housing tax credits and thus will require compliance with various IRS regulations over a number of years. The Corporation loaned the project approximately $4,654 for start up costs and operations and deferred its development fee of $96,000.

The Corporation is the general partner in Decorah Woolen Mill Limited Partnership (the Partnership). The Partnership constructed a 15 unit housing complex in Decorah, Iowa at a total cost of $1,740,245. The funds for the project were provided by loans from the Iowa Department of Economic Development of $330,000. Also, the construction was financed by the sale of $294,925 of federal historic rehabilitation tax credits and thus will require compliance with various IRS regulations over a number of years.

The Partnership agreements include requirements of the Corporation to maintain insurance, retain reserves for replacements and operating deficits, furnish information to limited partners and limits payments to the Corporation. The Corporation has materially complied with the partnership agreements during the year ended January 31, 2006.

13. Fair Value of Financial Instruments

The estimated fair value of the Corporation's financial instruments as of January 31, 2006 are as follows:

	Carrying Amount	Fair Value
Cash and cash equivalents	$2,288,094	$2,288,094
Notes payable	505,985	504,538

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents-the carrying amount approximates fair value because of the short maturities of those investments.

Notes payable-the fair values were determined based on current rates offered the Corporation for debt of similar maturities.

14. Agency Risk Management

Northeast Iowa Community Action Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Corporation assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

15. Commitments

The Corporation has entered into agreements to construct a duplex for the disabled. As of January 31, 2006, $150,141 is still outstanding of which $120,640 is from federal funds.

The Corporation has entered into an agreement to purchase a new computer system through a state-wide bid. The Corporation is obligated to pay 20% of the cost of the new system.

The Corporation has entered into an agreement to purchase 11 new buses also through a state-wide bid.

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**INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY INFORMATION**

To the Board of Directors
Northeast Iowa Community Action Corporation
Decorah, Iowa

Our report on our audit of the financial statements of Northeast Iowa Community Action Corporation as of and for the year ended January 31, 2006 appears on page 1. The audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information as of and for the year ended January 31, 2006 presented on Schedules 1 through 37 is for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied to in the audit of the financial statements, and, in our opinion, except for the effects on Schedules 3-37 of preparing this information using guidelines established by the former AICPA audit guide "Audits of Voluntary Health and Welfare Organizations (AVHWO)", as explained below, such information is fairly stated in all material respects in relation to the financial statements taken as a whole.

U.S. generally accepted accounting principles (GAAP) require nonprofit organizations to follow SFAS No. 116 and 117 in preparing financial statements. The information in Schedules 3-37 has been presented under AVHWO guidelines, which the Corporation uses for internal reporting and reporting to funding sources, and is not current GAAP. This information, shown on a fund basis, does not report changes in net assets, includes all contributed services in inkind revenues and expenditures, includes capitalized equipment and contributed materials and services as expenditures and includes management and general expenses in fund expenditures.

We have also previously audited, in accordance with U.S. generally accepted auditing standards, the statement of financial position as of January 31, 2005, and the related statements of activities, functional expenses and cash flows for the year then ended (none of which is presented herein), and we expressed an unqualified opinion on those financial statements. We expressed a qualified opinion on the supplementary information for the year ended January 31, 2005 because the information was presented under the superseded AVHWO guidelines. In our opinion, except for the effects of preparing this information using guidelines established by the AVHWO as explained above, the supplementary information presented on Schedules 12 to 37 which relates to the year ended January 31, 2005, is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
April 27, 2006

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF FINANCIAL POSITION
BY FUNDING SOURCE
January 31, 2006

	U.S. Department of Health and Human Services	State Department of Human Rights	State Department of Health	State Department of Economic Development	U.S. Department of Agriculture	Other Sources	Total
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	$ 418,364	$ 57,877	$ 30	$ 6,250	$ 7,292	$ 45,335	$ 535,148
Receivables							
Funding source	182,160	514,203	29,833	35,392	64,142	50,892	876,622
Other	-	50	33,249	-	-	-	33,299
Due from other funds	15,350	193,800	19,251	-	-	2,964	231,365
Total assets	$ 615,874	$ 765,930	$ 82,363	$ 41,642	$ 71,434	$ 99,191	$1,676,434
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable							
General	$ 78,769	$ 84,776	$ 5,191	$ 34,702	$ 46,050	$ 7	$ 249,495
Due to other funds	115,157	380,612	29,759	3,184	11,397	13,581	553,690
Deferred revenue	421,948	300,542	-	3,756	13,987	24,035	764,268
	615,874	765,930	34,950	41,642	71,434	37,623	1,567,453
NET ASSETS							
Unrestricted	None	None	47,413	None	None	61,568	108,981
Total liabilities and net assets	$ 615,874	$ 765,930	$ 82,363	$ 41,642	$ 71,434	$ 99,191	$1,676,434

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF FINANCIAL POSITION
LOCAL FUNDS
January 31, 2006

	Transit 2006	Local Weatherization 2006	Head Start Local	Calmar 6-Plex	Weatherization Utilities	Contributions
ASSETS						
CURRENT ASSETS						
Cash	$ 478,209	$ -	$ 42,703	$ 15,833		$ 1,216,201
Receivables						
Funding source	-				$ 13,162	
Other	144,836		14,911			-
Due from other funds	25,228	10,214	29,076	2,766	2,317	450,820
Due from affiliate						150,398
	648,273	10,214	86,690	18,599	15,479	1,817,419
PROPERTY AND EQUIPMENT, NET	115,746	None	396,398	781,225	None	34,340
INVESTMENT IN AFFILIATES	None	None	None	None	None	515,479
Total assets	$ 764,019	$ 10,214	$ 483,088	$ 799,824	$ 15,479	$ 2,367,238
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable						
General	$ 43,277	$ -	$ -	$ 19,796	$ 1,055	$ 204,674
Due to other funds	19,292	3,206	3,783	9,914	14,424	142,221
Due to affiliates						-
Current portion of long-term debt			3,836	13,302		
Deferred revenue						87,946
Total current liabilities	62,569	3,206	7,619	43,012	15,479	434,841
LONG-TERM DEBT						
Notes payable, less current portion			316,911	171,936		
NET ASSETS						
Unrestricted						
Designated for fixed assets	115,746		75,651	584,876		34,340
Undesignated	585,704	7,008	82,907			1,898,057
Total net assets	701,450	7,008	158,558	584,876	None	1,932,397
Total liabilities and net assets	$ 764,019	$ 10,214	$ 483,088	$ 799,824	$ 15,479	$ 2,367,238

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF FINANCIAL POSITION
LOCAL FUNDS
January 31, 2006

ASSETS	General Relief	Low-Rent Housing	Total
CURRENT ASSETS			
Cash	$ -	$ -	$ 1,752,946
Receivables			
Funding source	2,112	4,686	19,960
Other			159,747
Due from other funds	115		520,536
Due from affiliate			150,398
	2,227	4,686	2,603,587
PROPERTY AND EQUIPMENT, NET	None	None	1,327,709
INVESTMENT IN AFFILIATES	None	None	515,479
Total assets	$ 2,227	$ 4,686	$ 4,446,775
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable			
General	$ 1,542		$ 270,344
Due to other funds	685	$ 4,686	198,211
Due to affiliates			-
Current portion of long-term debt			17,138
Deferred revenue			87,946
Total current liabilities	2,227	4,686	573,639
LONG-TERM DEBT			
Notes payable, less current portion			488,847
NET ASSETS			
Unrestricted			
Designated for fixed assets			810,613
Undesignated			2,573,676
Total net assets	None	None	3,384,289
Total liabilities and net assets	$ 2,227	$ 4,686	$ 4,446,775

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BY FUNDING SOURCE
Year Ended January 31, 2006

	U.S. Department of Health and Human Services	Department of Homeland Security	State Department of Human Rights	State Department of Health	State Department of Economic Development	U.S. Department of Agriculture	Other Sources	Total
REVENUES								
Federal grants	$ 2,857,048	$ 21,932	$ 2,890,614	$ 334,172	$ 114,885	$ 661,746		$ 6,880,397
State grants	10,000		101,420		-		$235,659	347,079
Local	143	75	31,612	142,265	-	-	54,958	229,053
Inkind	572,425					-		572,425
Total revenues	3,439,616	22,007	3,023,646	476,437	114,885	661,746	290,617	8,028,954
EXPENDITURES								
Direct								
Employee salaries	1,581,296		643,139	220,932	-	69,552	147,012	2,661,931
Employee fringe benefits	501,065		230,923	78,063		21,844	50,782	882,677
Contractual	26,859		62,210	67,889	104,785	-	1,916	263,659
Travel	15,611		29,338	7,023	299	2,839	332	55,442
Space costs	141,837		19,052	13,826		2,405	-	177,120
Consumable supplies	160,092		18,020	32,693		7,511	240	218,556
Equipment	3,232						(500)	2,732
Direct assistance		21,575	1,576,520		9,701		14,833	1,622,629
Augmentation			(44,344)				9,964	(34,380)
Food	35,427					515,835	-	551,262
Other	143,638		381,570	18,503	100	28,823	-	572,634
Inkind	572,425						-	572,425
Total direct	3,181,482	21,575	2,916,428	438,929	114,885	648,809	224,579	7,546,687
Indirect	277,230	432	107,218	37,201	-	11,636	25,413	459,130
Total expenditures	3,458,712	22,007	3,023,646	476,130	114,885	660,445	249,992	8,005,817
Excess revenues over (under) expenditures	(19,096)	None	None	307	None	1,301	40,625	23,137
FUND BALANCE, beginning of year	None	None	None	47,106	None	None	20,943	68,049
TRANSFERS, NET	19,096	None	None	None	None	(1,301)	-	17,795
FUND BALANCE, end of year	$ None	$ None	$ None	$ 47,413	$ None	$ None	$ 61,568	$ 108,981

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
LOCAL FUNDS
Year Ended January 31, 2006

	Transit		Local Weatherization		Head Start	Calmar 6-Plex	
	2005	2006	2005	2006	Local	2005	2006
REVENUES							
Federal grants	$ 98,052	$ 175,194					
State grants	137,151	228,186					
Local revenue	326,090	483,323	$ 7,878	$ 2,628	$ 61,089	$ 32,064	$ 23,925
Equity in limited partnerships earnings							
Interest			(57)	(21)			
Total revenue	561,293	886,703	7,821	2,607	61,089	32,064	23,925
EXPENDITURES							
Direct							
Employee salaries	225,943	346,013				(228)	2,480
Employee fringe benefits	60,601	86,666				(42)	472
Contractual	13,900	20,911				155	250
Travel	4,487	7,719					
Space costs	5,179	11,843				11,994	16,458
Consumable supplies	16,236	17,495			(71)		
Equipment	98,493	29,420			15,356		
Direct assistance							
Depreciation	11,819	8,558			11,379	15,098	10,786
Augmentation							
Other	129,318	236,506				2,675	4,829
Total direct	565,976	765,131	-	-	26,664	29,652	35,275
Indirect	34,082	51,464	2,552	868		(35)	381
Total expenditures	600,058	816,595	2,552	868	26,664	29,617	35,656
Excess revenues over (under) expenditures	(38,765)	70,108	5,269	1,739	34,425	2,447	(11,731)
FUND BALANCE, beginning of year	670,107	None	None	None	143,229	593,104	None
TRANSFERS, NET				-	(19,096)	1,056	
REPROGRAMMED FUNDS	(631,342)	631,342	(5,269)	5,269	None	(596,607)	596,607
FUND BALANCE, end of year	$ None	$ 701,450	$ None	$ 7,008	$ 158,558	$ None	$ 584,876

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
LOCAL FUNDS
Year Ended January 31, 2006

	Weatherization Utilities			General	Low-Rent Housing		
	2005	2006	Contributions	Relief	2005	2006	Total
REVENUES							
Federal grants							$ 273,246
State grants					$ 32,665	$ 3,012	401,014
Local revenue	$ 166,583	$ 3,443	$ 762,493	$ 4,465			1,873,981
Equity in limited partnerships earnings			(4)				(4)
Interest			31,849				31,771
Total revenue	166,583	3,443	794,338	4,465	32,665	3,012	2,580,008
EXPENDITURES							
Direct							
Employee salaries			307,769	308	20,738	1,912	904,935
Employee fringe benefits			86,780	114	8,195	756	243,542
Contractual			79,955				115,171
Travel			38,624	20			50,850
Space costs			18,108	236			63,818
Consumable supplies			43,350				77,010
Equipment			36,880				180,149
Direct assistance			52,428				52,428
Depreciation			8,682				66,322
Augmentation	160,827	3,196					164,023
Other			95,507	3,732			472,567
Total direct	160,827	3,196	768,083	4,410	28,933	2,668	2,390,815
Indirect	5,756	247	7,144	55	3,732	344	106,590
Total expenditures	166,583	3,443	775,227	4,465	32,665	3,012	2,497,405
Excess revenues over (under) expenditures	-	-	19,111	None	None	None	82,603
FUND BALANCE, beginning of year	None	None	1,913,041	None	None	None	3,319,481
TRANSFERS, NET			245	None	None	None	(17,795)
REPROGRAMMED FUNDS							None
FUND BALANCE, end of year	$ None	$ None	$ 1,932,397	$ None	$ None	$ None	$ 3,384,289

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
STATE DEPARTMENT OF HEALTH AND HUMAN SERVICES
Year Ended January 31, 2006

	Head Start #07CH6090/39		Combined Wrap-Arounds		Elkader Wrap-Around		Early Childhood #07CH6090/39	
	Direct	T & TA	2005	2006	2005	2006	Direct	T & TA
REVENUES								
Federal grants	$ 1,671,654	$ 23,222	$ 348,954	$ 99,054	$ 27,328	$ 9,985	$ 667,587	$ 9,264
State grants			-	-			-	-
Local revenue	143		-	-			-	-
Inkind	421,201						151,224	
Total revenue	2,092,998	23,222	348,954	99,054	27,328	9,985	818,811	9,264
EXPENDITURES								
Direct								
Employee salaries	890,046		205,413	63,766	16,812	5,621	399,638	-
Employee fringe benefits	302,550		63,679	17,064	2,895	1,070	113,807	-
Contractual	25,751		-	-	-	-	-	-
Travel	3,087		145	-	-	-	9,974	-
Space costs	110,296		11,274	-	210	-	20,057	-
Consumable supplies	90,232		32,827	7,798	4,459	2,431	16,858	-
Equipment	3,232		-	-	-	-	-	-
Food	33,023		83				2,321	
Other	61,279	23,222	4,129	-	409	-	45,335	9,264
Inkind	421,201		-	-			151,224	-
Total direct	1,940,697	23,222	317,550	88,628	24,785	9,122	759,214	9,264
Indirect	152,505	None	31,404	10,426	2,543	863	78,489	-
Total expenditures	2,093,202	23,222	348,954	99,054	27,328	9,985	837,703	9,264
Excess revenues over (under) expenditures	(204)	None	None	None	None	None	(18,892)	None
FUND BALANCE, beginning of year	None	None	None	None	None	None	None	None
TRANSFERS, NET	204						18,892	
FUND BALANCE, end of year	$ None	$ None	$ None	$ None	$ None	$ None	$ None	$ None

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 5
(Continued)

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
STATE DEPARTMENT OF HEALTH AND HUMAN SERVICES
Year Ended January 31, 2006

	Community Partnership BDPS-05-061	Total
REVENUES		
Federal grants		$ 2,857,048
State grants	$ 10,000	10,000
Local revenue		143
Inkind		572,425
Total revenue	10,000	3,439,616
EXPENDITURES		
Direct		
Employee salaries		1,581,296
Employee fringe benefits		501,065
Contractual	1,108	26,859
Travel	2,405	15,611
Space costs		141,837
Consumable supplies	5,487	160,092
Equipment		3,232
Food		35,427
Other		143,638
Inkind		572,425
Total direct	9,000	3,181,482
Indirect	1,000	277,230
Total expenditures	10,000	3,458,712
Excess revenues over (under) expenditures	None	(19,096)
FUND BALANCE, beginning of year	None	None
TRANSFERS, NET		19,096
FUND BALANCE, end of year	$ None	$ None

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEPARTMENT OF HOMELAND SECURITY
Year Ended January 31, 2006

	Family Support Center 2005
REVENUES	
Federal grants	$ 21,932
Local revenue	75
Total revenue	22,007
EXPENDITURES	
Direct	
Direct assistance	21,575
Indirect	432
Total expenditures	22,007
Excess revenues over (under) expenditures	None
FUND BALANCE, beginning of year	None
FUND BALANCE, end of year	$ None

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
STATE DEPARTMENT OF HUMAN RIGHTS
Year Ended January 31, 2006

	Weatherization Assistance for Low Income Persons		Low Income Heat Energy Assistance		HEAP Weatherization Assistance for Low Income Persons	
	DOE 04-09I	DOE 05-09I	05-09-I	06-09-I	HEAP 04-09I	HEAP 05-09I
REVENUES						
Federal grants	$ 732	$ 187,081	$ 762,992	$ 975,046	$ 190,119	$ 338,525
State grants						
Local revenue			4,114			
	732	187,081	767,106	975,046	190,119	338,525
EXPENDITURES						
Direct						
Employee salaries	-	-	35,687	65,165	-	-
Employee fringe benefits	-	-	9,863	20,881	-	-
Contractual	-	-	-	-	-	-
Travel	-	-	1,482	1,203	-	-
Space costs	-	-	(411)	905	-	-
Consumable supplies	-	-	4,648	2,141	-	-
Direct assistance	-	-	707,726	867,697	-	-
Augmentation	732	164,812	-	-	185,517	328,525
Other	-	-	2,111	5,954	-	-
Total direct	732	164,812	761,106	963,946	185,517	328,525
Indirect	-	22,269	6,000	11,100	4,602	10,000
Total expenditures	732	187,081	767,106	975,046	190,119	338,525
Excess revenues over (under) expenditures	None	None	None	None	None	None
FUND BALANCE, beginning of year	None	None	None	None	None	None
Less: funds returned or to be returned to funding source	None	None	None	None	None	None
TRANSFERS, NET	None	None	None	None	None	None
FUND BALANCE, end of year	$ None	$ None	$ None	$ None	$ None	$ None

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
STATE DEPARTMENT OF HUMAN RIGHTS
Year Ended January 31, 2006

	Community Services Block Grant		FADSS		Juvenile Justice	WAP Main		
	CSBG-05-09-CI	CSBG-06-09-CI	05-25-F4	06-25-F4	2005	2005	2006	Total
REVENUES								
Federal grants	$ 229,116	$ 64,226	$ 54,297	$ 60,070	$ 28,410	$ -	$ -	$ 2,890,614
State grants			48,149	53,271				101,420
Local revenue			-	27,498				31,612
	229,116	64,226	102,446	140,839	28,410	-	-	3,023,646
EXPENDITURES								
Direct								
Employee salaries	136,397	34,470	59,558	81,970	15,000	30,865	184,027	643,139
Employee fringe benefits	44,993	9,462	21,546	25,897	7,472	13,435	77,374	230,923
Contractual	-	-	-	-	-	12,954	49,256	62,210
Travel	3,996	1,198	6,546	11,177	-	814	2,922	29,338
Space costs	8,118	3,704	1,780	2,617	-	709	1,630	19,052
Consumable supplies	3,711	3,140	-	1,596	466	209	2,109	18,020
Direct assistance	-	-	1,022	75	-	-	-	1,576,520
Augmentation	-	-			-	(117,789)	(606,141)	(44,344)
Other	8,502	6,585	1,557	4,677	4,558	58,803	288,823	381,570
Total direct	205,717	58,559	92,009	128,009	27,496	None	None	2,916,428
Indirect	23,399	5,667	10,437	12,830	914	None	None	107,218
Total expenditures	229,116	64,226	102,446	140,839	28,410	None	None	3,023,646
Excess revenues over (under) expenditures	None	None	None	None	None	None	None	None
FUND BALANCE, beginning of year	None	None	None	None	None	None	None	None
Less: funds returned or to be returned to funding source	None	None	None	None	None	None	None	None
TRANSFERS, NET	None	None	None	None	None	None	None	None
FUND BALANCE, end of year	$ None	$ None	$ None	$ None	$ None	$ None	$ None	$ None

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
STATE DEPARTMENT OF HEALTH
Year Ended January 31, 2006

	Special Supplemental Food Program for Women, Infants and Children			Family Planning Project		
	#5885AO42	#5886AO42	#5886NU52	#5885AO42	#5886AO42	Total
REVENUES						
Federal grants	$ 179,444	$ 83,808	$ 1,769	$ 35,582	$ 33,569	$ 334,172
Local	(372)	(83)	81	83,411	59,228	142,265
Total revenues	179,072	83,725	1,850	118,993	92,797	476,437
EXPENDITURES						
Direct						
Employee salaries	89,438	48,058	1,039	57,923	24,474	220,932
Employee fringe benefits	32,869	16,508	285	19,701	8,700	78,063
Contractual	1,722	1,802	-	38,587	25,778	67,889
Travel	1,560	2,682	162	1,997	622	7,023
Space costs	5,303	2,792	-	3,821	1,910	13,826
Consumable supplies	19,310	4,578	204	5,249	3,352	32,693
Other	12,428	2,066	-	3,234	775	18,503
Total direct	162,630	78,486	1,690	130,512	65,611	438,929
Indirect	15,512	8,291	160	8,957	4,281	37,201
Total expenditures	178,142	86,777	1,850	139,469	69,892	476,130
Excess revenues over (under) expenditures	930	(3,052)	-	(20,476)	22,905	307
FUND BALANCE, beginning of year	24,824	None	None	22,282	None	47,106
REPROGRAMMED FUNDS	(25,754)	25,754	None	(1,806)	1,806	None
TRANSFERS, NET	None	None	None	None	None	None
FUND BALANCE, end of year	$ None	$ 22,702	$ -	$ None	$ 24,711	$ 47,413

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
STATE DEPARTMENT OF ECONOMIC DEVELOPMENT
Year Ended January 31, 2006

	Homeless Shelter #05-II-96002	HOME 05-HM-296	Total
REVENUES			
Federal grants	$ 10,000	$ 104,885	$ 114,885
EXPENDITURES			
Direct			
Travel	299		299
Contractual	-	104,785	104,785
Other	-	100	100
Direct assistance	9,701		9,701
Total direct	10,000	104,885	114,885
Indirect	None	None	None
Total expenditures	10,000	104,885	114,885
Excess revenues over (under) expenditures	None	None	None
FUND BALANCE, beginning of year	None	None	None
FUND BALANCE, end of year	$ None	$ None	$ None

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
U.S. DEPARTMENT OF AGRICULTURE
Year Ended January 31, 2006

	USDA		Family Day Care		
	#96-8010	#96-8010	#96-8013	#96-8013	Total
REVENUES					
Federal grants	$ 120,011	$ 60,511	$ 332,466	$ 148,758	$ 661,746
EXPENDITURES					
Direct					
Employee salaries	6,560	2,882	42,155	17,955	69,552
Employee fringe benefits	2,486	945	14,015	4,398	21,844
Contractual	-	-	-		-
Travel	(207)	198	1,958	890	2,839
Space costs			1,712	693	2,405
Consumable supplies	3,458	703	1,686	1,664	7,511
Food	98,523	50,428	248,621	118,263	515,835
Other	6,825	4,861	15,125	2,012	28,823
Total direct	117,645	60,017	325,272	145,875	648,809
Indirect	1,065	494	7,194	2,883	11,636
Total expenditures	118,710	60,511	332,466	148,758	660,445
Excess revenues over (under) expenditures	1,301	None	None	None	1,301
FUND BALANCE, beginning of year	None	None	None	None	None
TRANSFERS, net	(1,301)	None	None	None	(1,301)
FUND BALANCE, end of year	$ None	$ None	$ None	$ None	$ None

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER SOURCES
Year Ended January 31, 2006

	Child Development								
	Combined		Oelwein		Utilities		Housing Capacity		
	2005	2006	2005	2006	2005	2006	2005	2006	Total
REVENUES									
State grants	$ 68,830	$ 113,087	$ 19,878	$ 33,864			$ -	$ -	$ 235,659
Local revenue				-	$ 12,624	$ 42,334	-	-	54,958
Total revenue	68,830	113,087	19,878	33,864	12,624	42,334	-	-	290,617
EXPENDITURES									
Direct									
Employee salaries	42,649	68,719	13,114	22,530	-	-	-	-	147,012
Employee fringe benefits	15,426	23,998	4,494	6,864	-	-	-	-	50,782
Contractual	23	1,215	-	678	-	-	-	-	1,916
Travel	112	220	-	-	-	-	-	-	332
Space costs	-	-	-	-	-	-	-	-	-
Consumable supplies	202	-	38	-	-	-	-	-	240
Equipment	-	-	-	-	-	-	(500)	-	(500)
Direct assistance	-	-	-	-	12,500	2,333	-	-	14,833
Other	3,028	6,975	(39)	-	-	-	-	-	9,964
Total direct	61,440	101,127	17,607	30,072	12,500	2,333	(500)	-	224,579
Indirect	7,390	11,960	2,271	3,792	-	-	-	-	25,413
Total expenditures	68,830	113,087	19,878	33,864	12,500	2,333	(500)	-	249,992
Excess of revenues over (under) expenditures	None	None	None	None	124	40,001	500	-	40,625
FUND BALANCE, beginning of year	None	None	None	None	2,303	None	18,640	None	20,943
REPROGRAMMED FUNDS	None	None	None	None	None	None	(19,140)	19,140	None
TRANSFERS, NET	None	None	None	None	(2,427)	2,427	None	None	None
FUND BALANCE, end of year	$ None	$ None	$ None	$ None	$ None	$ 42,428	$ None	$19,140	$ 61,568

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
DEPARTMENT OF HOMELAND SECURITY
FY 2005 FAMILY SUPPORT CENTER
January 31, 2006

	Budget	Actual	Over (Under) Budget
ALLAMAKEE			
REVENUES			
Federal	$ 4,321	$ 4,321	$ None
EXPENDITURES			
Rent	$ 2,517	3,665	1,148
Utilities	1,718	569	(1,149)
Administration	86	85	(1)
Total expenditures	$ 4,321	4,319	(2)
Excess revenues over (under) expenditures		2	$ 2
FUND BALANCE, beginning of contract		None	
Less: Funds returned or to be returned to funding source		(2)	
FUND BALANCE, end of contract		$ None	
FAYETTE			
REVENUES			
Federal	$ 6,904	$ 6,904	$ None
EXPENDITURES			
Rent	$ 2,574	2,556	(18)
Utilities	2,575	2,583	8
Food	1,617	1,617	None
Administration	138	136	(2)
Total expenditures	$ 6,904	6,892	(12)
Excess revenues over (under) expenditures		12	$ 12
FUND BALANCE, beginning of contract		None	
Less: Funds returned or to be returned to funding source		(12)	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 12
(Continued)

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
DEPARTMENT OF HOMELAND SECURITY
FY 2005 FAMILY SUPPORT CENTER
January 31, 2006

	Budget	Actual	Over (Under) Budget
BREMER			
REVENUES			
Federal	$ 1,857	$ 1,857	$ None
EXPENDITURES			
Rent	$ 1,289	1,857	568
Utilities	568	-	(568)
Total expenditures	$ 1,857	1,857	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
FUND BALANCE, end of contract		$ None	
HOWARD			
REVENUES			
Federal	$ 1,824	$ 1,824	$ None
EXPENDITURES			
Rent	$ 894	852	(42)
Utilities	894	835	(59)
Administration	36	36	None
Total expenditures	$ 1,824	1,723	(101)
Excess revenues over (under) expenditures		101	$ 101
FUND BALANCE, beginning of contract		None	
Less: Funds returned or to be returned to funding source		(101)	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 12
(Continued)

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
DEPARTMENT OF HOMELAND SECURITY
FY 2005 FAMILY SUPPORT CENTER
January 31, 2006

	Budget	Actual	Over (Under) Budget
RICEVILLE			
REVENUES			
Federal	$ 500	$ 500	$ None
EXPENDITURES			
Food	$ 490	490	None
Administration	10	10	None
Total expenditures	$ 500	500	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
Less: Funds returned or to be returned to funding source		None	
FUND BALANCE, end of contract		$ None	
WINNESHIEK			
REVENUES			
Federal	$ 4,450	$ 4,450	$ None
EXPENDITURES			
Rent	$ 2,180	3,499	1,319
Utilities	2,181	844	(1,337)
Administration	89	87	(2)
Total expenditures	$ 4,450	4,430	(20)
Excess revenues over (under) expenditures		20	$ 20
FUND BALANCE, beginning of contract		None	
Less: Funds returned or to be returned to funding source		(20)	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 12
(Continued)

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
DEPARTMENT OF HOMELAND SECURITY
FY 2005 FAMILY SUPPORT CENTER
January 31, 2006

	Budget	Actual	Over (Under) Budget
CHICKASAW			
REVENUES			
Federal	$ 2,208	$ 2,208	$ None
EXPENDITURES			
Rent	$ 1,208	1,208	None
Utilities	1,000	997	(3)
Total expenditures	$ 2,208	2,205	(3)
Excess revenues over (under) expenditures		3	$ 3
FUND BALANCE, beginning of contract		None	
Less: Funds returned or to be returned to funding source		(3)	
FUND BALANCE, end of contract		$ None	
LOCAL			
REVENUES			
Local	$ 81	$ 75	$ (6)
EXPENDITURES			
Other	$ 81	81	None
Excess revenues over (under) expenditures		(6)	$ (6)
FUND BALANCE, beginning of contract		None	
Add: Funds due from funding source		6	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 13

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEAD START PROGRAM
GRANT #07CH6090/39
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 2,433,462	$ 1,695,019	$ (738,443)
Local	608,346	421,201	(187,145)
Total revenues	$ 3,041,808	2,116,220	(925,588)
EXPENDITURES			
Personnel	$ 1,308,378	890,046	(418,332)
Fringe benefits	449,946	302,550	(147,396)
Travel	7,784	3,087	(4,697)
Equipment	13,500	3,232	(10,268)
Supplies	165,172	90,232	(74,940)
Contractual	31,000	25,751	(5,249)
Other costs	230,337	227,820	(2,517)
Total direct	2,206,117	1,542,718	(663,399)
Indirect	227,345	152,505 *	(74,840)
Total federal cost	2,433,462	1,695,223	(738,239)
GRANTEE CONTRIBUTION	608,346	421,201 *	(187,145)
Total expenditures	$ 3,041,808	2,116,424	(925,384)
Excess revenues over (under) expenditures		(204)	$ (204)
FUND BALANCE, beginning of contract		None	
Transfer in		204	
FUND BALANCE, end of contract		$ None	

* Variance of $2,554 between grantee's final expenditure report and the completed contract schedule is due to the final indirect cost rate adjustment at January 31, 2006.

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 14

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FY 2005 OELWEIN WRAP AROUND
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 48,000	$ 48,000	$ None
EXPENDITURES			
Personnel costs	$ 33,563	34,536	973
Facility costs	1,418	1,418	None
Supplies and materials	6,871	5,898	(973)
Net food costs	500	500	None
Transportation costs	1,748	1,748	None
Indirect	3,900	3,900	None
Total expenditures	$ 48,000	48,000	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
REPROGRAMMED FUNDS		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 15

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FY 2005 POSTVILLE WRAP AROUND
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 48,000	$ 48,000	$ None
EXPENDITURES			
Personnel costs	$ 27,443	27,572	129
Facility costs	3,689	3,488	(201)
Supplies and materials	12,141	12,713	572
Net food costs	-	-	None
Transportation costs	900	400	(500)
Indirect	3,827	3,827	None
Total expenditures	$ 48,000	48,000	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
REPROGRAMMED FUNDS		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 16

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FY 2005 WAUKON WRAP AROUND
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 48,000	$ 48,000	$ None
EXPENDITURES			
Personnel costs	$ 39,745	40,272	527
Facility costs	1,740	1,354	(386)
Supplies and materials	1,094	1,132	38
Net food costs	None	None	None
Transportation costs	902	723	(179)
Indirect	4,519	4,519	None
Total expenditures	$ 48,000	48,000	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
REPROGRAMMED FUNDS		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 17

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FY 2005 WAVERLY WRAP AROUND
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 48,000	$ 48,000	$ None
EXPENDITURES			
Personnel costs	$ 38,117	38,107	(10)
Facility costs	1,675	1,675	None
Supplies and materials	2,904	2,904	None
Net food costs	500	500	None
Transportation costs	500	510	10
Indirect	4,304	4,304	None
Total expenditures	$ 48,000	48,000	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
REPROGRAMMED FUNDS		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 18

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FY 2005 CRESCO WRAP AROUND
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 48,000	$ 48,000	$ None
EXPENDITURES			
Personnel costs	$ 36,251	36,771	520
Facility costs	990	990	None
Supplies and materials	5,783	5,263	(520)
Net food costs	400	400	None
Transportation costs	315	315	None
Indirect	4,261	4,261	None
Total expenditures	$ 48,000	48,000	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
REPROGRAMMED FUNDS		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 19

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FY 2005 GUTTENBERG WRAP AROUND
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 48,000	$ 48,000	$ None
EXPENDITURES			
Personnel costs	$ 33,777	33,777	None
Facility costs	1,590	1,590	None
Supplies and materials	6,734	6,734	None
Net food costs	800	800	None
Transportation costs	1,000	1,000	None
Indirect	4,099	4,099	None
Total expenditures	$ 48,000	48,000	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
REPROGRAMMED FUNDS		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 20

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FY 2005 MONONA WRAP AROUND
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 48,000	$ 48,000	$ None
EXPENDITURES			
Personnel costs	$ 41,142	41,162	20
Facility costs	930	930	None
Supplies and materials	674	654	(20)
Net food costs	500	500	None
Transportation costs	359	359	None
Indirect	4,395	4,395	None
Total expenditures	$ 48,000	48,000	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
REPROGRAMMED FUNDS		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 21

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FY 2005 RICEVILLE WRAP AROUND
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 48,000	$ 42,000	$ (6,000)
EXPENDITURES			
Personnel costs	$ 35,097	29,505	(5,592)
Facility costs	1,780	1,552	(228)
Supplies and materials	5,969	5,789	(180)
Net food costs	500	500	None
Transportation costs	500	500	None
Indirect	4,154	4,154	None
Total expenditures	$ 48,000	42,000	(6,000)
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
REPROGRAMMED FUNDS		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 22

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FY 2005 STRAWBERRY POINT WRAP AROUND
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 48,000	$ 48,000	$ None
EXPENDITURES			
Personnel costs	$ 36,822	36,881	59
Facility costs	1,240	1,240	None
Supplies and materials	4,506	4,447	(59)
Net food costs	500	500	None
Transportation costs	500	500	None
Indirect	4,432	4,432	None
Total expenditures	$ 48,000	48,000	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
REPROGRAMMED FUNDS		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 23

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FY 2005 DECORAH WRAP AROUND
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 42,000	$ 42,000	$ None
EXPENDITURES			
Personnel costs	$ 35,656	35,659	3
Facility costs	770	770	None
Supplies and materials	532	529	(3)
Net food costs	500	500	None
Transportation costs	700	700	None
Indirect	3,842	3,842	None
Total expenditures	$ 42,000	42,000	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
REPROGRAMMED FUNDS		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FY 2005 ELKADER WRAP AROUND
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 48,000	$ 36,000	$ (12,000)
EXPENDITURES			
Personnel costs	$ 34,525	24,389	(10,136)
Facility costs	2,080	374	(1,706)
Supplies and materials	5,285	6,828	1,543
Food	500		(500)
Transportation costs	1,200	1,113	(87)
Indirect	4,410	3,296	(1,114)
Total expenditures	$ 48,000	36,000	(12,000)
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
REPROGRAMMED FUNDS		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
EARLY CHILDHOOD PROGRAM
GRANT #07CH6090/39
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 726,603	$ 676,851	$ (49,752)
Inkind	180,088	151,224	(28,864)
Total revenues	$ 906,691	828,075	(78,616)
EXPENDITURES			
Personnel	$ 433,582	399,638	(33,944)
Fringe benefits	117,336	113,807	(3,529)
Travel	2,400	9,974	7,574
Equipment	-	-	0
Supplies	9,183	16,858	7,675
Contractual	11,000	-	(11,000)
Other costs	82,034	76,977	(5,057)
Total direct	655,535	617,254	(38,281)
Indirect	71,068	78,489 *	7,421
Total federal cost	726,603	695,743	(30,860)
GRANTEE CONTRIBUTION	180,088	151,224 *	(28,864)
Total expenditures	$ 906,691	846,967	(59,724)
Excess revenues over (under) expenditures		(18,892)	$ (18,892)
FUND BALANCE, beginning of contract		None	
Transfer in		18,892	
FUND BALANCE, end of contract		$ None	

* Variance of $3,615 between grantee's final expenditure report and the completed contract schedule is due to the final indirect cost rate adjustment at January 31, 2006.

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - STATE DEPARTMENT OF HUMAN RIGHTS
FY 2005 WEATHERIZATION ASSISTANCE
PROGRAM (NO. HEAP 04-09I)
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 561,769	$ 378,529	$ (183,240)
EXPENDITURES			
Administration	$ 25,878	18,068	(7,810)
Health and safety	93,752	123,201	29,449
Support	109,356	127,686	18,330
Labor	132,825	48,927	(83,898)
Materials	132,825	35,662	(97,163)
Liability insurance	14,955	14,955	-
Other	52,178	10,030	(42,148)
Total expenditures	$ 561,769	378,529	(183,240)
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - STATE DEPARTMENT OF HUMAN RIGHTS
FY 2005 WEATHERIZATION ASSISTANCE
PROGRAM (NO. DOE 04-09I)
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 203,213	$ 203,213	$ None
EXPENDITURES (By contract line item)			
Administration	$ 22,292	9,641 *	(12,651)
Health and safety	36,184	34,487	(1,697)
Support	46,905	50,456	3,551
Labor	48,916	54,391	5,475
Materials	48,916	41,587	(7,329)
Total expenditures	$ 203,213	190,562	(12,651)
Excess revenues over (under) expenditures		12,651	$ 12,651
FUND BALANCE, beginning of contract		None	
Less: Funds returned or to be returned to funding source		(12,651)	
FUND BALANCE, end of contract		$ None	

* Variance of $ 12,651 between grantee's final expenditure report and the completed contract schedule is due to the final indirect cost rate adjustment at January 31, 2006.

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - STATE DEPARTMENT OF HUMAN RIGHTS
FY 2005 COMMUNITY SERVICES BLOCK GRANT
PROGRAM (NO. CSBG-05-09-CI)
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 277,845	$ 277,845	$ None
EXPENDITURES (By contract line item)			
Salaries	$ 162,990	163,150	160
Fringe benefits	54,862	53,800	(1,062)
Space costs	10,155	10,305	150
Travel	6,000	6,440	440
Other costs	16,095	16,523	428
Indirect	27,743	25,803 *	(1,940)
Total expenditures	$ 277,845	276,021	(1,824)
Excess revenues over (under) expenditures		1,824	$ 1,824
FUND BALANCE, beginning of contract		None	
Less: Funds returned or to be returned to funding source		(1,824)	
FUND BALANCE, end of contract		$ None	

* Variance of $1,824 between grantee's final expenditure report and the completed contract schedule is due to the final indirect cost rate adjustment at January 31, 2006.

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - STATE DEPARTMENT OF HUMAN RIGHTS
FaDSS-05-25-F4
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 117,380	$ 115,868	$ (1,512)
State	104,091	102,750	(1,341)
Local	21,511	20,147	(1,364)
Total revenues	$ 242,982	238,765	(4,217)
EXPENDITURES			
Personnel	$ 194,015	189,688	(4,327)
Travel	12,286	14,173	1,887
Space/utilities	4,236	4,147	(89)
Other costs	11,365	6,503	(4,862)
Third-party payments	-	2,082	2,082
Indirect	21,080	22,172	1,092
Total expenditures	$ 242,982	238,765	(4,217)
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 30

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - STATE DEPARTMENT OF HUMAN RIGHTS
2005 LOW INCOME HOME ENERGY ASSISTANCE
PROGRAM (NO. LIHEAP-05-09-I)
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 1,711,552	$ 1,706,798	$ (4,754)
Local	None	4,114	4,114
Total revenues	$ 1,711,552	1,710,912	(640)
EXPENDITURES			
Section I			
A. Regular assistance	$ 1,063,277	1,059,061	(4,216)
B. Energy crisis intervention			
Furnace repair	86,795	51,788	(35,007)
Emergency delivery	11,049	46,037	34,988
Emergency temporary shelter	941	96	(845)
Emergency cooling	None	325	325
	98,785	98,246	(539)
C. Client services	39,286	39,287	1
D. Data expansion	None	-	None
E. Summer deliverable fuel	389,000	389,000	None
Section II			
Administration	121,204	125,318	4,114
Total expenditures	$ 1,711,552	1,710,912	(640)
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - STATE DEPARTMENT OF HUMAN RIGHTS
FY 2005 JUVENILE JUSTICE
PROGRAM (NO. JJYD-F05-02)
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 45,332	$ 43,738	$ (1,594)
EXPENDITURES			
Personnel	$ 26,000	24,000	(2,000)
Fringe benefits	12,740	11,833	(907)
Supplies and materials	3,192	6,545	3,353
Contractual	1,000	-	(1,000)
Indirect	2,400	1,360	(1,040)
Total expenditures	$ 45,332	43,738	(1,594)
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - STATE DEPARTMENT OF HEALTH
FY 2005 FAMILY PLANNING PROGRAM (NO. 5885A042)
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 66,243	$ 66,243	$ None
Local	140,711	136,137	(4,574)
Total revenues	$ 206,954	202,380	(4,574)
EXPENDITURES/(By cost category)			
Employee salaries	$ 84,835	83,333	(1,502)
Employee fringe benefits	27,907	26,836	(1,071)
Contractual	55,921	53,090	(2,831)
Administration/management	None	-	None
Supplies	13,061	14,757	1,696
Communication	None	-	None
Space costs	5,732	5,731	(1)
Travel	2,815	2,569	(246)
Training	None	-	None
Indirect	16,683	14,258	(2,425)
Total expenditures	$ 206,954	200,574	(6,380)
Excess revenues over (under) expenditures		1,806	$ 1,806
FUND BALANCE, beginning of contract		None	
Less: reprogrammed funds		(1,806)	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FEDERAL - STATE DEPARTMENT OF HEALTH
FY 2005 SPECIAL SUPPLEMENTAL FOOD PROGRAMS FOR W.I.C.
PROGRAM (NO.5885A042)
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 252,868	$ 249,908	$ (2,960)
Local	None	None	None
	$ 252,868	249,908	(2,960)
EXPENDITURES			
Salaries	$ 130,256	129,716	(540)
Fringe benefits	48,012	47,352	(660)
Contractual	3,275	2,768	(507)
Administration/management	39,125	43,914	4,789
Travel	10,463	4,420	(6,043)
Indirect	21,737	21,738	1
Total expenditures	$ 252,868	249,908	(2,960)
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		24,824	
REPROGRAMMED FUNDS		(24,824)	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
STATE - DEPARTMENT OF ECONOMIC DEVELOPMENT
FY 2005 HOMELESS SHELTER GRANT
PROGRAM (NO. 05-II-96002)
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 10,000	$ 10,000	$ None
EXPENDITURES			
Personnel	$ -	-	None
Homeless prevention	10,000	10,000	None
Indirect	-	-	None
Total expenditures	$ 10,000	10,000	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
STATE - DEPARTMENT OF EDUCATION
OELWEIN CHILD DEVELOPMENT 2005
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
State	$ 54,254	$ 54,254	$ None
EXPENDITURES			
Salaries	$ 36,000	37,046	1,046
Employee benefits	12,307	11,917	(390)
Administration costs	4,707	5,253	546
Labor	200	-	(200)
Travel	-	-	None
Supplies	500	38	(462)
Other costs	540	-	(540)
Total expenditures	$ 54,254	54,254	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 35
(Continued)

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
STATE - DEPARTMENT OF EDUCATION
CHILD DEVELOPMENT 2005
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
State	$ 172,862	$ 171,733	$ (1,129)
EXPENDITURES			
Salaries	$ 109,000	108,698	(302)
Employee benefits	39,986	39,343	(643)
Travel	300	284	(16)
Purchased services	830	583	(247)
Supplies	991	522	(469)
Other costs	6,759	5,985	(774)
Indirect	14,996	16,318	1,322
Total expenditures	$ 172,862	171,733	(1,129)
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
OTHER SOURCES - VARIOUS (INCLUDING FEDERAL HIGHWAY
ADMINISTRATION AND IOWA DEPARTMENT OF TRANSPORTATION)
FY 2005 TRANSIT PROGRAM
January 31, 2006

	Budget	Actual	Over (Under) Budget
REVENUES			
Federal	$ 599,444	$ 381,670	$ (217,774)
State	297,410	352,058	54,648
Local	669,964	735,240	65,276
Total revenues	$ 1,566,818	1,468,968	(97,850)
EXPENDITURES			
Direct			
Employee salaries	$ 399,500	517,060	117,560
Employee fringe benefits	162,389	133,482	(28,907)
Contractual	27,000	31,756	4,756
Travel	7,200	8,883	1,683
Space costs and rentals	11,400	11,995	595
Consumable supplies	30,860	30,060	(800)
Equipment	545,774	246,528	(299,246)
Other charges	292,832	312,559	19,727
Total direct	1,476,955	1,292,323	(184,632)
Indirect	89,863	87,625 *	(2,238)
Total expenditures	$ 1,566,818	1,379,948	(186,870)
Excess revenues over (under) expenditures		89,020	$ 89,020
FUND BALANCE, beginning of contract		426,576	
REPROGRAMMED FUNDS		(515,596)	
FUND BALANCE, end of contract		$ None	

* Variance of $3,430 between grantee's final expenditure report and the completed contract schedule is due to the final indirect cost rate adjustment at January 31, 2006.

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FY 2005 WEATHERIZATION ASSISTANCE PROGRAM
UTILITY CONTRACT
January 31, 2006

	Budget	Actual	Over (Under) Budget
CONTRACT #MEC-04-09I			
REVENUES			
Local	$ 14,871	$ 14,871	$ None
EXPENDITURES			
Administration-indirect	$ 744	744	None
Support	1,487	1,487	None
Labor	6,320	6,360	40
Material	6,320	6,280	(40)
Total expenditures	$ 14,871	14,871	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
FUND BALANCE, end of contract		$ None	
CONTRACT #IPL-04-09I			
REVENUES			
Local	$ 135,860	$ 118,828	$ (17,032)
EXPENDITURES			
Administration-indirect	$ 6,794	4,238	(2,556)
Support	13,586	13,586	None
Labor	57,740	37,232	(20,508)
Material	57,740	62,717	4,977
Total expenditures	$ 135,860	117,773	(18,087)
Excess revenues over (under) expenditures		1,055	$ 1,055
FUND BALANCE, beginning of contract		None	
Less: Funds returned or to be returned to funding source		(1,055)	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 37
(Continued)

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS
FY 2005 WEATHERIZATION ASSISTANCE PROGRAM
UTILITY CONTRACT
January 31, 2006

	Budget	Actual	Over (Under) Budget
CONTRACT #AQU-04-09I			
REVENUES			
Local	$ 59,050	$ 59,050	$ None
EXPENDITURES			
Administration-indirect	$ 2,953	2,953	None
Support	5,905	5,905	None
Labor	25,096	20,411	(4,685)
Material	25,096	29,781	4,685
Total expenditures	$ 59,050	59,050	None
Excess revenues over (under) expenditures		None	$ None
FUND BALANCE, beginning of contract		None	
FUND BALANCE, end of contract		$ None	

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended January 31, 2006

Section I: Summary of the Independent Auditor's Results	Yes	No	None Reported
Financial Statements			
Type of auditor's report issued: unqualified.			
Internal control over financial reporting:			
Material weakness(es) identified?		X	
Reportable condition(s) identified that are not considered to be material weaknesses?		X	
Noncompliance material to financial statements noted?		X	
Federal Awards			
Internal control over major programs:			
Material weakness(es) identified?		X	
Reportable condition(s) identified that are not considered to be material weakness(es)?		X	
Type of auditor's report issued on compliance for major programs: unqualified.			
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?		X	
Identification of major programs			
CFDA Number 93.600 Head Start			
CFDA Number 93.569 Community Services Block Grant			
CFDA Number 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children			
Dollar threshold used to distinguish between Type A and Type B programs: $300,000			
Auditee qualified as low-risk auditee?	X		

Section II: Findings Related to the Financial Statements:

Reportable conditions - None

Section III: Findings and Questioned Costs for Federal Awards:

Instances of noncompliance - None
Reportable conditions - None

Section IV: Other Findings Related to Required Statutory Reporting:

See management letter dated April 27, 2006

Section V: Summary of Prior Federal Audit Findings and Questioned Costs:

N/A

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended January 31, 2006

Grantor/Program	CFDA Number	Grant Number	Period of Grant	Program Expenditures
U.S. Department of Health and Human Services				
Direct				
Head Start	93.600	07CH6090/39	02/01/05-01/31/06	$ 1,694,876
Head Start Discretionary	93.600	07CH6090/39	02/01/05-01/31/06	676,851
Passed through Iowa Department of Human Rights				
Wrap-Around Child Care	93.600	N/A	09/01/04-08/31/05	348,954
			09/01/05-08/31/06	99,054
			09/01/04-08/31/05	27,328
			09/01/05-08/31/06	9,985
				2,857,048
Passed through Iowa Department of Human Rights				
Low Income Home Energy Assistance	93.568	05-09-I	10/01/04-09/30/05	762,992
		06-09-I	10/01/05-09/30/06	975,046
		HEAP 04-09I	04/01/04-03/31/05	190,119
		HEAP 05-09I	04/01/05-03/31/06	338,525
				2,266,682
Subtotal U.S. Department of Health and Human Services				5,123,730
Other Federal Awards				
Department of Homeland Agency				
Direct				
Emergency Food and Shelter National Board Program	97.024	N/A	01/01/05-12/31/05	21,932
U.S. Department of Health and Human Services				
Passed through Iowa Department of Human Rights				
Community Services Block Grant	93.569	CSBG-05-09-CI	10/01/04-12/31/05	229,116
		CSBG-06-09-CI	10/01/05-09/30/06	64,226
				293,342
Community Services Block Grant Discretionary Awards	93.570	FADSS 05-25-F4	07/01/04-06/30/05	54,297
		FADSS 06-25-F4	07/01/05-06/30/06	60,070
				114,367

See Independent Auditor's Report on the Schedule of Expenditures of Federal Awards.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended January 31, 2006

Grantor/Program	CFDA Number	Grant Number	Period of Grant	Program Expenditures
Other Federal Awards (Continued)				
U.S. Department of Health and Human Services (Continued)				
Passed through Iowa Department of Health				
Family Planning Services	93.217	5885A042	10/01/04-09/30/05	$ 35,582
		5886A042	10/01/05-09/30/06	33,569
				69,151
Passed through Northland Agency on Aging				
Special Programs for the Aging - Title III, Part B				
Grants for Supportive Services and Senior Centers	93.044	N/A	07/01/04-06/30/05	8,900
Subtotal U.S. Department of Health and Human Services				485,760
U.S. Department of Transportation				
Federal Transit Administration				
Formula Grants for Other Than Urbanized Areas	20.509	Section 5311	07/01/04-06/30/05	4,758
			07/01/05-06/30/06	175,194
				179,952
Federal Transit - Capital Investment Grants	20.500	IA-18-X021	07/01/05-06/30/06	84,394
Subtotal U.S. Department of Transportation				264,346
U.S. Department of Housing and Urban Development				
Passed through Iowa Department of Economic Development				
Emergency Shelter Grants Program	14.231	05-II-96002	07/01/05-06/30/06	10,000
HOME Investment Partnerships Program	14.239	05-HM-296	03/31/05-03/31/07	104,885
Subtotal U.S. Department of Housing and Urban Development				114,885
U.S. Department of Energy				
Passed through Iowa Department of Human Rights				
Weatherization Assistance for Low Income Persons	81.042	DOE 04-09I	04/01/04-03/31/05	732
		DOE 05-09I	04/01/05-03/31/06	187,081
Subtotal U.S. Department of Energy				187,813

See Independent Auditor's Report on the Schedule of Expenditures of Federal Awards.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended January 31, 2006

Grantor/Program	CFDA Number	Grant Number	Period of Grant	Program Expenditures
Other Federal Awards (Continued)				
U.S. Department of Agriculture				
Passed through Iowa Department of Education				
Child and Adult Care Food Program	10.558	96-8010	10/01/04-09/30/05	$ 120,011
			10/01/05-09/30/06	60,511
		96-8013	10/01/04-09/30/05	332,466
			10/01/05-09/30/06	148,758
				661,746
Passed through Iowa Department of Public Health				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5885A042	10/01/04-09/30/05	179,444
		5886A042	10/01/05-09/30/06	83,808
		5886NU52	10/01/05-09/30/06	1,769
				265,021
Subtotal U.S. Department of Agriculture				926,767
U.S. Department of Justice				
Passed through Division of Criminal and Juvenile and Justice Planning				
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	JJYD-F05-02	10/01/04-09/30/05	10,253
Title V Delinquency Prevention Program	16.548	JJYD-F05-02	10/01/04-09/30/05	2,501
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	JJYD-F05-02	10/01/04-09/30/05	10,520
Enforcing Underage Drinking Laws Program	16.727	JJYD-F05-02	10/01/04-09/30/05	5,136
Subtotal U.S. Department of Justice				28,410
Subtotal Other Federal Awards				2,029,913
Total Federal Awards				$ 7,153,643

See Independent Auditor's Report on the Schedule of Expenditures of Federal Awards.

NORTHEAST IOWA COMMUNITY ACTION CORPORATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended January 31, 2006

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Northeast Iowa Community Action Corporation and is presented on the accrual basis of accounting. The information in this schedule 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 financial statements.

See Independent Auditor's Report on the Schedule of Expenditures of Federal Awards.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Northeast Iowa Community Action Corporation
Decorah, Iowa

We have audited the financial statements of Northeast Iowa Community Action Corporation (a nonprofit corporation) as of and for the year ended January 31, 2006 and have issued our report thereon dated April 27, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Northeast Iowa Community Action Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Iowa Community Action Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Northeast Iowa Community Action Corporation in a separate letter dated April 27, 2006.

This report is intended solely for the information and use of the Board, 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.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
April 27, 2006

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INDEPENDENT AUDITOR'S 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
Northeast Iowa Community Action Corporation
Decorah, Iowa

Compliance

We have audited the compliance of Northeast Iowa Community Action Corporation (a nonprofit corporation) 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 each of its major federal programs for the year ended January 31, 2006. The Corporation'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 each of its major federal programs is the responsibility of the Corporation's management. Our responsibility is to express an opinion on Northeast Iowa Community Action Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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 Northeast Iowa Community Action Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Northeast Iowa Community Action Corporation's compliance with those requirements.

In our opinion, Northeast Iowa Community Action Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended January 31, 2006.

Internal Control Over Compliance

The management of Northeast Iowa Community Action Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Northeast Iowa Community Action Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Northeast Iowa Community Action Corporation as of and for the year ended January 31, 2006, and have issued our report thereon dated April 27, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board, 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.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
April 27, 2006

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MANAGEMENT LETTER

To the Board of Directors
Northeast Iowa Community Action Corporation
Decorah, Iowa

In planning and performing our audit of the financial statements of Northeast Iowa Community Action Corporation for the year ended January 31, 2006, we considered the Corporation's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters. A separate report dated April 27, 2006 contains our report on the Corporation's internal control. This letter does not affect our report dated April 27, 2006 on the financial statements of Northeast Iowa Community Action Corporation. Comment 2 is an unresolved comment from prior year. All other prior year management letter comments have been resolved.

1. Program Budgets

   Contract expenditures did not exceed amounts budgeted by program except for programs supplemented by local funds. LiHeap fund exceeded payroll due to additional counseling for the clients. The excess was supplemented by a local fund that the Corporation could draw money from. Federal and state funded expenditures did not exceed amounts budgeted.

2. Fiscal Report Format

   During our audit we noted the subtotals within the fiscal reports for each program are not always correctly named. The subtotal caption indicates the total is for one type of expenditure while the details indicate other categories are affected. This condition makes preparation of internal and external financial reports and budget comparisons more difficult.

   Recommendation

   We recommend the chart of accounts and fiscal reporting format be reviewed by management to improve financial report preparation. Since the subtotals in the format are not variable by program, other alternatives should be explored.

2. Fiscal Report Format (Continued)

Response

We are limited by our reporting software which creates global formats for all financial reports and does not allow customization by program.

The accounting staff is more diligent in assigning account numbers under the correct subtotal captions as funds are developed for new programs. Unfortunately the established funds that are on going that have had accounts assigned under incorrect subtotals cannot be corrected because of the global formats.

Conclusion

Response accepted.

3. WIC

During our testing of WIC files, there was one file that did not have proper documentation used to verify income eligibility, proof of identity and proof of address. We also noticed another file that did not indicate that the address was verified.

Recommendation

We recommend that all files be reviewed to verify that all required documentation is obtained in order for clients to receive the benefits.

Response

Since December 1, 2005, the State WIC program has implemented a new computer program called IWIN. This system has implemented paperless files. I am told that the computer system will only allow one months service without income verification. If the client does not provide income verification the second month the system will not allow checks to be printed until verification is provided. The system further flags the clerks if address was verified on the initial visit.

With this new system in place we do not anticipate this problem reoccurring.

Conclusion

Response accepted.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Northeast Iowa Community Action Corporation during the course of our examination.

If you have any questions concerning these or other matters, we would be happy to discuss them with you at your convenience.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
April 27, 2006