

COMMUNITY OPPORTUNITIES, INC.
D/B/A NEW OPPORTUNITIES, INC.

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2008

NEW OPPORTUNITIES, INC.

Table of Contents

| | <u>Page</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Board of Directors | 1 |
| Independent Auditor's Report | 2 |
| | <u>Exhibit</u> |
| Financial Statements: | |
| Statement of Financial Position - All Funds | A 4 |
| Statement of Activities - All Funds | B 5 |
| Statement of Changes in Net Assets - All Funds | C 6 |
| Statement of Functional Expenditures - Administrative Fund and Program Funds | D 7 |
| Statement of Cash Flows | E 8 |
| Notes to Financial Statements | 9 |
| | <u>Schedule</u> |
| Supplemental Information: | |
| Schedule of Activities - Program Funds | 1 17 |
| Schedule of Expenditures of Federal Awards | 2 20 |
| Schedule of Revenues and Expenditures Compared to Budget: | |
| Community Services Block Grant | 3 22 |
| Low-Income Home Energy Assistance Program | 4 23 |
| Weatherization Assistance Programs | 5- 8 24 |
| Schedule of Revenues and Expenditures: Administrative Fund | 9 28 |
| Comments and Recommendations: | |
| 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 | 29 |
| Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 | 31 |
| Schedule of Findings and Questioned Costs | 33 |

NEW OPPORTUNITIES, INC.

BOARD OF DIRECTORS

Executive Board of Directors

| | |
|----------------|----------------|
| Eugene Meiners | President |
| Rick Hecht | Vice President |
| Cynthia Emery | Secretary |
| Dan Kratoska | Treasurer |

Board Members

Representing

| <u>County</u> | <u>Government</u> | <u>Low-Income</u> | <u>Private</u> |
|---------------|-------------------|-------------------|-----------------|
| Audubon | Bruce Nelson | Kay Steddom | Judie Miller |
| Calhoun | Gary Nicholson | Vacancy | Vacancy |
| Carroll | Eugene Meiners | Cynthia Emery | Dan Kratoska |
| Dallas | Bob Ockerman | Vacancy | Vacancy |
| Greene | Mary Jane Fields | Tom Heater | Kyle Orris |
| Guthrie | James Petersen | Vacancy | Vacancy |
| Sac | Rick Hecht | Vacancy | Barton Thoreson |

Agency Officials

| | |
|-------------|-------------------------|
| Chad Jensen | Chief Executive Officer |
| Lynn Nulle | Chief Financial Officer |

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Opportunities, Inc.
Carroll, Iowa

We have audited the accompanying statement of financial position of New Opportunities, Inc. as of September 30, 2008 and the related statements of activities, changes in net assets, functional expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 New Opportunities, Inc. as of and for the year ended September 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 16, 2009 on our consideration of New Opportunities, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or 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.

To the Board of Directors
New Opportunities, Inc.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included on Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented 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 in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Acornwood, Bell, Hyman & Co. P.C.

Atlantic, Iowa
January 16, 2009

NEW OPPORTUNITIES, INC.
Statement of Financial Position
All Funds
September 30, 2008

| ASSETS | Administrative Fund | Program Funds | Plant Fund | Total |
|----------------------------------------------------------------------------------|------------------------|---------------------|-------------------|---------------------|
| Cash | \$ 2,280 | \$ 50,441 | \$ -- | \$ 52,721 |
| Investments | 338,024 | 439,499 | -- | 777,523 |
| Receivables: | | | | |
| Grantor agencies | -- | 810,698 | -- | 810,698 |
| Other sources | -- | 49,868 | -- | 49,868 |
| Other funds | 196,854 | -- | -- | 196,854 |
| Prepaid expense | 2,039 | 7,558 | -- | 9,597 |
| Inventory | 13,709 | -- | -- | 13,709 |
| Property and equipment at cost, less accumulated depreciation of \$530,779 | -- | -- | 282,260 | 282,260 |
| Total Assets | <u>\$ 552,906</u> | <u>\$ 1,358,064</u> | <u>\$ 282,260</u> | <u>\$ 2,193,230</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Liabilities | | | | |
| Payables: | | | | |
| Accounts | \$ 80,682 | \$ 271,608 | \$ -- | \$ 352,290 |
| Grantor agencies | -- | 10,864 | -- | 10,864 |
| Salaries and benefits | 136,475 | 137,733 | -- | 274,208 |
| Other funds | -- | 196,854 | -- | 196,854 |
| State advance | -- | 32,087 | -- | 32,087 |
| Deferred revenue | -- | 640,366 | -- | 640,366 |
| Total Liabilities | 217,157 | 1,289,512 | -- | 1,506,669 |
| Net Assets | | | | |
| Unrestricted | 335,749 | -- | 128,905 | 464,654 |
| Temporarily restricted by grantor agencies | -- | 68,552 | 153,355 | 221,907 |
| Total Net Assets | <u>335,749</u> | <u>68,552</u> | <u>282,260</u> | <u>686,561</u> |
| Total Liabilities and Net Assets | <u>\$ 552,906</u> | <u>\$ 1,358,064</u> | <u>\$ 282,260</u> | <u>\$ 2,193,230</u> |

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Activities
All Funds
Year Ended September 30, 2008

| | Administrative Fund | Program Funds | Plant Fund | Total |
|-------------------------------------------------------------------------------------------|------------------------|------------------|---------------|--------------|
| Revenues: | | | | |
| Governmental Funding Sources: | | | | |
| Iowa Department of Human Rights | \$ -- | \$ 2,215,225 | \$ -- | \$ 2,215,225 |
| U.S. Department of Health and Human Services | -- | 1,989,106 | -- | 1,989,106 |
| Iowa Department of Public Health | -- | 1,244,948 | -- | 1,244,948 |
| Iowa Department of Education | -- | 1,350,372 | -- | 1,350,372 |
| Iowa Department of Human Services | -- | 353,439 | -- | 353,439 |
| Iowa Department of Economic Development | -- | 36,499 | -- | 36,499 |
| U.S. Department of Homeland Security | -- | 21,815 | -- | 21,815 |
| Various | -- | 163,495 | -- | 163,495 |
| In-Kind Contributions | -- | 436,291 | -- | 436,291 |
| Public Support and Contributions | 290 | 445,504 | -- | 445,794 |
| Co-Funding | -- | 119,537 | -- | 119,537 |
| Investment Income | 20,434 | 8,834 | -- | 29,268 |
| Investment in Plant | -- | -- | 57,349 | 57,349 |
| Miscellaneous | 35,505 | 523,799 | -- | 559,304 |
| | | | | |
| Total Revenues | 56,229 | 8,908,864 | 57,349 | 9,022,442 |
| Expenditures: | | | | |
| Head Start | -- | 2,645,814 | -- | 2,645,814 |
| Community Services Block Grant (CSBG) | -- | 231,099 | -- | 231,099 |
| Low-Income Home Energy Assistance Program (LIHEAP) | -- | 1,534,493 | -- | 1,534,493 |
| Weatherization Assistance | -- | 449,633 | -- | 449,633 |
| Maternal and Child Health | -- | 321,162 | -- | 321,162 |
| Family Planning | -- | 125,358 | -- | 125,358 |
| Immunization | -- | 13,058 | -- | 13,058 |
| Women, Infants and Children (WIC) | -- | 342,365 | -- | 342,365 |
| Child and Adult Care Food Program (CACFP) - Homes | -- | 450,121 | -- | 450,121 |
| Home Investment Partnership Program | -- | 43,126 | -- | 43,126 |
| Substance Abuse Programs | -- | 934,298 | -- | 934,298 |
| Empowerment Programs | -- | 934,499 | -- | 934,499 |
| Other Programs | -- | 978,841 | -- | 978,841 |
| Administration | 77,270 | -- | -- | 77,270 |
| Depreciation | -- | -- | 47,757 | 47,757 |
| | | | | |
| Total Expenditures | 77,270 | 9,003,867 | 47,757 | 9,128,894 |
| Excess of Revenues Over Expenditures (Expenditures Over Revenues) | (21,041) | (95,003) | 9,592 | (106,452) |
| Change in Unrealized Gains and Losses on Investments, Other Than Trading Securities | 31,608 | -- | -- | 31,608 |
| | | | | |
| Change in Net Assets | \$ 10,567 | \$(95,003) | \$ 9,592 | \$(74,844) |

See notes to financial statements.

NEW OPPORTUNITIES, INC.
 Statement of Changes in Net Assets
 All Funds
 Year Ended September 30, 2008

| | <u>Administrative Fund</u> | <u>Program Funds</u> | <u>Plant Fund</u> | <u>Total</u> |
|------------------------------------|--------------------------------|--------------------------|-----------------------|-------------------|
| Net Assets at Beginning of Year | \$ 325,182 | \$ 163,555 | \$ 272,668 | \$ 761,405 |
| Change in Net Assets | <u>10,567</u> | <u>(95,003)</u> | <u>9,592</u> | <u>(74,844)</u> |
| Net Assets at End of Year | <u>\$ 335,749</u> | <u>\$ 68,552</u> | <u>\$ 282,260</u> | <u>\$ 686,561</u> |

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Functional Expenditures
Administrative Fund and Program Funds
Year Ended September 30, 2008

| | <u>Administrative Fund</u> | <u>Program Funds</u> | <u>Total</u> |
|-----------------------------------------------------------|--------------------------------|--------------------------|---------------------|
| Salaries and wages | \$ 279,570 | \$ 2,469,059 | \$ 2,748,629 |
| Fringe benefits | 86,032 | 735,002 | 821,034 |
| Assistance to individuals | -- | 2,393,752 | 2,393,752 |
| Professional fees and contracted services | 32,523 | 1,096,116 | 1,128,639 |
| Travel | 13,704 | 201,944 | 215,648 |
| Occupancy | 12,817 | 205,245 | 218,062 |
| Utilities and telephone | 8,567 | 123,322 | 131,889 |
| Supplies and materials | 25,111 | 477,186 | 502,297 |
| Equipment | 5,124 | 97,173 | 102,297 |
| Printing, publications and postage | 6,704 | 32,369 | 39,073 |
| Insurance | 14,615 | 30,749 | 45,364 |
| Miscellaneous | 10,616 | 168,009 | 178,625 |
| Co-funding | -- | 119,537 | 119,537 |
| In-kind: | | | |
| Labor | -- | 161,848 | 161,848 |
| Materials and other | -- | 274,443 | 274,443 |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures Before Allocation of Indirect Costs | 495,383 | 8,585,754 | 9,081,137 |
| Allocation of indirect costs | <u>(418,113)</u> | <u>418,113</u> | <u>--</u> |
| Total Expenditures | <u>\$ 77,270</u> | <u>\$ 9,003,867</u> | <u>\$ 9,081,137</u> |

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Cash Flows
Year Ended September 30, 2008

| | |
|----------------------------------------------------------------------------------------|----------------------|
| Cash flows from operating activities: | |
| Cash received from State Agencies | \$ 4,881,200 |
| Cash received from Federal Grantors | 2,013,150 |
| Contributions received | 445,794 |
| Investment income | 31,671 |
| Other receipts | 717,922 |
| Cash paid to employees and suppliers | (8,367,606) |
| Interest paid | (204) |
| Net cash used in operating activities | <u>(278,073)</u> |
| Cash flows from investing activities: | |
| Property and equipment expenditures | (57,349) |
| Change in investments | 53,980 |
| Net cash used in investing activities | <u>(3,369)</u> |
| Net decrease in cash | (281,442) |
| Cash and cash equivalents at beginning of year | <u>334,163</u> |
| Cash and cash equivalents at end of year | <u>\$ 52,721</u> |
| Reconciliation of change in net assets to net cash used in operating activities: | |
| Change in net assets | \$(74,844) |
| Adjustments to reconcile change in net assets to net cash used in operating activities | |
| Depreciation | 47,757 |
| Value of equity securities received | (468,936) |
| Change in unrealized gains and losses on investments | (31,608) |
| Changes in assets and liabilities | |
| Accrued interest receivable | 2,403 |
| Receivables | (257,701) |
| Prepaid expenses | 1,228 |
| Inventory | 5,250 |
| Payables | 95,173 |
| Deferred revenue | 403,205 |
| Total adjustments | <u>(203,229)</u> |
| Net cash used in operating activities | <u>\$ (278,073)</u> |

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Community Opportunities, Inc. d/b/a New Opportunities, Inc., (the Agency) a not-for-profit corporation, is a community action agency that serves the Iowa counties of Audubon, Calhoun, Carroll, Dallas, Greene, Guthrie, and Sac. New Opportunities, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes.

New Opportunities, Inc. administers various programs funded by Federal, State and local governmental bodies. Each program is accounted for as a separate fund. As indicated on Exhibit B, the Agency received approximately 75% of its revenues from four governmental funding sources. The Agency has renewed substantially all of these governmental funding sources for fiscal year October 1, 2008 to September 30, 2009.

B. Fund Accounting

The accounts of New Opportunities, Inc. are organized on the basis of funds, each of which is considered to be a separate accounting entity. 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 expenditures. The various funds are summarized as follows in the financial statements:

Administrative Fund - The Administrative Fund represents funds derived from local sources such as donations, rents and miscellaneous activities. The Agency's overall management and administrative expenditures are charged to this fund and then allowable indirect costs are allocated to the various programs which the Agency administers.

Program Funds - Program Funds are used to account for the revenues and expenditures that are contractually restricted by the funding source for specific purposes.

Plant Fund - The Plant Fund is used to accumulate the net investment in fixed assets and to account for the unexpended resources contributed specifically for the purpose of acquiring fixed assets for the Agency.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Purchases of property and equipment providing future benefits are recorded as expenses in the program at the time of purchase and capitalized in the plant fund.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Temporarily restricted net assets are those whose use by the Agency has been limited by grantor agencies to a specific time period or purpose.

Revenues and expenses are reported as increases or decreases in unrestricted net assets unless use of the related assets is limited by donor- or grantor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

E. Basis of Presentation for Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards (pages 20-21) includes the federal grant activity of the Agency 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.

F. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the combined statement of financial position:

Cash and Cash Equivalents - The Agency considers demand deposits and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments - Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenditures (expenditures over revenues) unless the income or loss is restricted by donor or law. Unrealized gains or losses are recorded in investment income (loss) on trading securities and as a change in net assets on available for sale and held to maturity securities.

Receivables from Grantor Agencies - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenditures as of the beginning and end of the year. Receivables from Grantor Agencies represent an excess of expenditures over cash basis reimbursements for the completed grants at year end.

All receivables are considered fully collectible. Accordingly, no provision for uncollectible amounts has been recorded.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had not been paid or received as of September 30, 2008, balances of interfund amounts receivable or payable have been recorded.

Prepaid Expenses - Prepaid expenses consist of the unexpired portion of insurance premiums for Agency auto, liability, property damage, and worker's compensation coverage as of September 30, 2008.

Inventory - Supplies are valued at the lower of cost or market. Cost is determined on the first-in, first-out basis. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Property and Equipment - Property and equipment are valued at historical cost or estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation.

Property and equipment purchased are recorded as expenditures in the fund purchasing the asset. The purchases are then capitalized in the plant fund accumulating the net investment in fixed assets. Depreciation has been provided in the plant fund using the straight-line method over the estimated useful lives of the respective assets, generally 5 to 20 years. The depreciated cost of the property and equipment does not purport to be either a realizable value or a replacement value.

Expenditures for maintenance, repairs and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed of is deleted. No interest costs were capitalized since there were no qualifying assets.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenses at year end.

Compensated Absences - Employees of the Agency accumulate a limited amount of earned but unused vacation payable to employees. Amounts representing the cost of compensated absences are recorded as liabilities of the Administrative Fund. This liability has been computed based on rates of pay in effect at September 30, 2008.

Advertising and Promotion Costs - Advertising and promotion costs are expensed as they are incurred. Advertising and promotion costs totaled \$44,336 during the year ended September 30, 2008.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. In-Kind Contributions

The Agency recognizes donated labor, services, materials and rent-free or rent-reduced usage of facilities and equipment as in-kind revenues at the time the services and materials are received. These in-kind contributions and the corresponding expense are valued at their estimated fair market value and recognized in the financial statements in accordance with grant requirements.

H. Total Column

The total column on the combined statements of financial position, activities, and functional expenditures is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

I. Use of Estimates

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

NOTE 2 - INDIRECT COST RATE AGREEMENT

New Opportunities, Inc. entered into an Indirect Cost Rate Agreement with their cognizant agency, Department of Health and Human Services, setting a predetermined Indirect Cost Rate (17.7%) for fiscal year October 1, 2007 to September 30, 2008. The Indirect Cost allowed is calculated by multiplying the approved predetermined rate (17.7%) times the allocation base. The allocation base is the Agency's direct salaries and wages, excluding fringe benefits and is applicable to all programs. The use of the Indirect Cost Rate allows for an allocation process of the Agency's costs that are incurred for common or joint objectives and, therefore, cannot be readily and specifically identified with a particular project or activity.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2008

NOTE 3 - MANAGED CARE CONTRACT

The Agency's substance abuse treatment and rehabilitation services are being reimbursed under a managed care contract administered by Magellan Behavioral Health, Inc. The Agency received approximately 4% of its total support and revenue through this contract for the twelve months ended September 30, 2008. The Agency's managed care contract for its current five county service area has been renewed for fiscal year ending September 30, 2009.

NOTE 4 - DEPOSITS AND INVESTMENTS

The Agency's deposits at September 30, 2008 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the Agency or the Agency's agent in the Agency's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Investments are stated as indicated in Note 1. The composition of investments is as set forth below:

| | |
|-----------------------------|-------------------|
| Certificates of deposit | \$ 279,337 |
| Equity securities | 495,299 |
| Accrued interest receivable | <u>2,887</u> |
| | <u>\$ 777,523</u> |

All equity securities are classified as available for sale. None of the \$495,299 of equity securities is covered by any form of insurance against loss.

Investment income and other changes in investments are comprised of the following for the year ended September 30, 2008:

| | |
|------------------------------------------------------------------------|------------------|
| Investment Income: | |
| Interest income | \$ 25,544 |
| Dividend income | <u>3,724</u> |
| | <u>\$ 29,268</u> |
| Other Changes in Investments: | |
| Change in unrealized gains and losses on available for sale securities | <u>\$ 31,608</u> |

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2008

NOTE 5 - PROPERTY AND EQUIPMENT

A summary of property and equipment comprising the plant fund at September 30, 2008, categorized by acquiring program/source, is as follows:

| <u>Acquiring Program/Source</u> | <u>Land and Buildings</u> | <u>Vehicles</u> | <u>Equipment</u> | <u>Total</u> |
|-------------------------------------------|-------------------------------|-------------------|-------------------|-------------------|
| Child Adult Care Food Program | \$ -- | \$ -- | \$ 1,835 | \$ 1,835 |
| Community Building Investment Program | -- | -- | 6,987 | 6,987 |
| Head Start | 66,453 | 172,929 | 152,487 | 391,869 |
| Maternal Health/Child Health | -- | -- | 9,842 | 9,842 |
| Low Income Home Energy Assistance Program | -- | -- | 50,080 | 50,080 |
| Substance Abuse | -- | -- | 35,867 | 35,867 |
| Weatherization Assistance | -- | 19,609 | 42,176 | 61,785 |
| Women, Infants and Children | -- | -- | 4,435 | 4,435 |
| Other Grantors | -- | -- | 10,313 | 10,313 |
| General Agency | <u>223,680</u> | <u>--</u> | <u>16,346</u> | <u>240,026</u> |
| Total Cost | 290,133 | 192,538 | 330,368 | 813,039 |
| Less Accumulated Depreciation | <u>(119,818)</u> | <u>(186,656)</u> | <u>(224,305)</u> | <u>(530,779)</u> |
| Net | <u>\$ 170,315</u> | <u>\$ 5,882</u> | <u>\$ 106,063</u> | <u>\$ 282,260</u> |

The components of the Agency's accumulated depreciation at September 30, 2008 are as follows:

| | <u>Buildings</u> | <u>Vehicles</u> | <u>Equipment</u> | <u>Total</u> |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| Balance Beginning of Year | \$ 140,944 | \$ 182,734 | \$ 310,718 | \$ 634,396 |
| Current Year Depreciation | 9,743 | 3,922 | 34,092 | 47,757 |
| Less Disposals | <u>(30,869)</u> | <u>--</u> | <u>(120,505)</u> | <u>(151,374)</u> |
| Balance End of Year | <u>\$ 119,818</u> | <u>\$ 186,656</u> | <u>\$ 224,305</u> | <u>\$ 530,779</u> |

NOTE 6 - LEASE COMMITMENT

New Opportunities, Inc. leases office space under operating leases which may be canceled by either party by giving written notice ranging from sixty to ninety days of their intention to vacate the lease. The Agency also leases a vehicle, copy machines, mailing systems, and a phone system under non-cancelable operating leases expiring through June, 2014.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2008

NOTE 6 - LEASE COMMITMENT - Continued

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2008 are as follows:

| Year Ending September 30, | | |
|--------------------------------------|----|---------|
| 2009 | \$ | 39,237 |
| 2010 | | 36,412 |
| 2011 | | 36,412 |
| 2012 | | 24,325 |
| 2013 | | 7,714 |
| 2014 | | 2,151 |
| Total minimum future rental payments | \$ | 146,251 |

Rental expense under all operating leases for the year ended September 30, 2008 totaled approximately \$37,311.

NOTE 7 - PENSION AND RETIREMENT BENEFITS

Iowa Public Employees Retirement System

The Agency 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 4.10% (was 3.90% through June 30, 2008) of their annual salary and the Agency is required to contribute 6.35% (was 6.05% through June 30, 2008) of annual covered payroll. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the years ended September 30, 2008, 2007, and 2006 were approximately \$163,300, \$148,200, and \$102,800, respectively, equal to the required contribution for that year.

Tax-Sheltered Annuity

The Agency has established a tax-sheltered annuity arrangement. The plan is available to all employees with one year of service, and a minimum of 1,000 hours of service in a twelve-month period of time.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2008

NOTE 7 - PENSION AND RETIREMENT BENEFITS - Continued

Under the terms of the plan, the Agency contributes an amount equal to 2 percent of the annual salary for each employee participating in the plan who elected not to participate in IPERS when the Agency began contributing to IPERS in October, 1996 (covered payroll). Each plan participant must contribute 1 percent of their annual salary and all such payments are accumulated and invested for individual participants of the plan. Amounts credited to individual participants are 100 percent vested immediately. The accumulated monies are paid upon a participant's retirement or termination.

For the year ended September 30, 2008, the Agency's contributions amounted to \$588 which is 2 percent of its current year covered payroll of \$29,037. Employees' contributions of all participants amounted to \$2,630. The Agency's total current year payroll for all employees was \$2,748,629.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Line of Credit

The Agency has established an open-end line of credit with a local bank with a face amount of \$100,000. This agreement expires in March, 2009.

Federal Assistance Grants

New Opportunities, Inc. receives a significant portion of its revenues from government grants and contracts, all of which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits, therefore no liability is accrued on these financial statements.

Agency Risk Management

New Opportunities, Inc. 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. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Real Estate Purchase

Subsequent to September 30, 2008, the Agency entered into a contract to purchase the office building which they had been leasing since April 1, 2008. The total purchase price of the land and building was approximately \$1,390,000. Financing for the land and building purchase is being provided by funds generated internally and through the issuance of revenue bonds in the amount of \$1,400,000 at 6.5% per annum payable over 20 years. Proceeds from the revenue bonds in the amount of \$300,000 have been placed into an escrow account to be used as a local match for a future planned building project currently expected to cost approximately \$600,000. No commitments have been entered into as of the date of this report for this second building.

* * *

SUPPLEMENTAL INFORMATION

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds
Year Ended September 30, 2008

| | <u>Head Start - Early Head Start</u> | <u>Early Head Start Empowerment</u> | <u>Immigration Advocacy</u> |
|----------------------------------------------------------------------|----------------------------------------------|---------------------------------------------|---------------------------------|
| Revenues: | | | |
| Governmental Funding Sources: | | | |
| Iowa Department of Human Rights | \$ -- | \$ -- | \$ -- |
| U.S. Department of Health and Human Services | 1,989,106 | -- | -- |
| Iowa Department of Public Health | -- | -- | -- |
| Iowa Department of Education | 102,065 | 900 | -- |
| Iowa Department of Human Services | -- | -- | -- |
| Iowa Department of Economic Development | -- | -- | -- |
| U.S. Department of Homeland Security | -- | -- | -- |
| Various | -- | 56,009 | 31,256 |
| In-Kind Contributions | 425,658 | -- | -- |
| Public Support and Contributions | -- | -- | 1,645 |
| Co-funding | -- | -- | 5,739 |
| Investment income | -- | -- | -- |
| Miscellaneous | <u>72,076</u> | <u>--</u> | <u>--</u> |
| Total Revenues | 2,588,905 | 56,909 | 38,640 |
| Expenditures: | | | |
| Salaries and wages | 988,513 | 18,141 | 27,648 |
| Fringe benefits | 276,858 | 4,378 | 9,949 |
| Assistance to individuals | -- | -- | -- |
| Professional fees and contracted services | 64,532 | 25,650 | 748 |
| Travel | 77,239 | 428 | 1,158 |
| Occupancy | 88,556 | -- | 609 |
| Utilities and telephone | 40,105 | -- | 1,314 |
| Supplies and materials | 273,645 | 5,191 | 225 |
| Equipment | 56,644 | -- | 733 |
| Printing, publications and postage | 6,210 | -- | 31 |
| Insurance | 10,394 | -- | 41 |
| Miscellaneous | 110,273 | -- | 522 |
| Co-Funding | -- | -- | -- |
| In-Kind: | | | |
| Labor | 151,355 | -- | -- |
| Materials and other | <u>274,303</u> | <u>--</u> | <u>--</u> |
| Total Expenditures Before Allocation of Indirect Costs | 2,418,627 | 53,788 | 42,978 |
| Allocation of Indirect Costs | <u>170,278</u> | <u>3,121</u> | <u>4,778</u> |
| Total Expenditures | <u>2,588,905</u> | <u>56,909</u> | <u>47,756</u> |
| Excess of Revenues Over Expenditures (Expenditures Over Revenues) | -- | -- | (9,116) |
| Net Assets (Liabilities) at Beginning of Year | <u>--</u> | <u>9,482</u> | <u>8,293</u> |
| Net Assets (Liabilities) at End of Year | <u>\$ --</u> | <u>\$ 9,482</u> | <u>\$(823)</u> |

(continued next page)

| <u>CSBG</u> | <u>County Outreach</u> | <u>Housing Program</u> | <u>CACFP</u> | <u>WIC</u> | <u>Child Health</u> |
|----------------|------------------------|------------------------|-------------------|----------------|---------------------|
| \$ 231,099 | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | 342,365 | 96,161 |
| -- | -- | -- | 444,875 | -- | -- |
| -- | -- | 36,499 | -- | -- | -- |
| -- | 21,815 | -- | -- | -- | -- |
| -- | 2,533 | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |
| -- | 181,673 | 500 | -- | -- | -- |
| -- | 74,690 | -- | -- | -- | 4,167 |
| -- | 70 | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | 91,992 |
| <u>231,099</u> | <u>280,781</u> | <u>36,999</u> | <u>444,875</u> | <u>342,365</u> | <u>192,320</u> |
| 55,782 | 114,371 | 3,680 | 45,357 | 165,824 | 112,644 |
| 15,790 | 33,610 | 1,480 | 17,801 | 50,403 | 34,715 |
| 508 | 113,534 | -- | 353,464 | -- | -- |
| 10,875 | 33 | 35,061 | 746 | 19,728 | 13,885 |
| 5,940 | 14,696 | 135 | 9,709 | 14,141 | 4,087 |
| 1,215 | 20,669 | 550 | 1,918 | 12,103 | 3,539 |
| 3,936 | 18,445 | 405 | 2,052 | 4,847 | 4,021 |
| 3,890 | 3,323 | 73 | 7,823 | 31,959 | 6,545 |
| 1,097 | 1,187 | 1 | 3 | 8,261 | 2,162 |
| 1,743 | 734 | 402 | 2,918 | 3,735 | 2,331 |
| 55 | 987 | 332 | 73 | 587 | 631 |
| 1,081 | 1,084 | 381 | 423 | 2,053 | 779 |
| 119,537 | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |
| <u>221,449</u> | <u>322,673</u> | <u>42,500</u> | <u>442,287</u> | <u>313,641</u> | <u>185,339</u> |
| <u>9,650</u> | <u>19,830</u> | <u>626</u> | <u>7,834</u> | <u>28,724</u> | <u>19,425</u> |
| <u>231,099</u> | <u>342,503</u> | <u>43,126</u> | <u>450,121</u> | <u>342,365</u> | <u>204,764</u> |
| -- | (61,722) | (6,127) | (5,246) | -- | (12,444) |
| -- | <u>23,051</u> | <u>(10,247)</u> | <u>(4,540)</u> | <u>102</u> | <u>(13,039)</u> |
| <u>\$ --</u> | <u>\$(38,671)</u> | <u>\$(16,374)</u> | <u>\$(9,786)</u> | <u>\$ 102</u> | <u>\$(25,483)</u> |

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2008

| | <u>Dental Health</u> | <u>Maternal Health</u> | <u>Family Planning</u> |
|----------------------------------------------------------------------|--------------------------|----------------------------|----------------------------|
| Revenues: | | | |
| Governmental Funding Sources: | | | |
| Iowa Department of Human Rights | \$ -- | \$ -- | \$ -- |
| U.S. Department of Health and Human Services | -- | -- | -- |
| Iowa Department of Public Health | 10,938 | 55,147 | 43,202 |
| Iowa Department of Education | -- | -- | -- |
| Iowa Department of Human Services | -- | -- | -- |
| Iowa Department of Economic Development | -- | -- | -- |
| U.S. Department of Homeland Security | -- | -- | -- |
| Various | -- | -- | -- |
| In-Kind Contributions | -- | -- | -- |
| Public Support and Contributions | -- | -- | 3,377 |
| Co-funding | 611 | 8,333 | 25,292 |
| Investment income | -- | -- | -- |
| Miscellaneous | -- | 22,495 | 45,150 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 11,549 | 85,975 | 117,021 |
| Expenditures: | | | |
| Salaries and wages | -- | 68,560 | 56,001 |
| Fringe benefits | -- | 20,365 | 17,932 |
| Assistance to individuals | -- | -- | -- |
| Professional fees and contracted services | 10,938 | 2,091 | 12,710 |
| Travel | -- | 1,413 | 4,071 |
| Occupancy | 529 | 4,960 | 7,269 |
| Utilities and telephone | 53 | 1,301 | 3,411 |
| Supplies and materials | 24 | 3,415 | 9,539 |
| Equipment | 2 | 774 | 698 |
| Printing, publications and postage | -- | 599 | 2,097 |
| Insurance | 3 | 250 | 538 |
| Miscellaneous | -- | 801 | 1,432 |
| Co-Funding | -- | -- | -- |
| In-Kind: | | | |
| Labor | -- | -- | -- |
| Materials and other | -- | -- | -- |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures Before Allocation of Indirect Costs | 11,549 | 104,529 | 115,698 |
| Allocation of Indirect Costs | <hr/> | <hr/> | <hr/> |
| | -- | 11,869 | 9,660 |
| Total Expenditures | <hr/> | <hr/> | <hr/> |
| | 11,549 | 116,398 | 125,358 |
| Excess of Revenues Over Expenditures (Expenditures Over Revenues) | -- | (30,423) | (8,337) |
| Net Assets (Liabilities) at Beginning of Year | <hr/> | <hr/> | <hr/> |
| | -- | 13,938 | (5,902) |
| Net Assets (Liabilities) at End of Year | <u>\$ --</u> | <u>\$ (16,485)</u> | <u>\$ (14,239)</u> |

(continued next page)

| <u>Hawk-I</u> | <u>Immunization</u> | <u>Pregnancy Prevention</u> | <u>I-Smile</u> | <u>Child Lead</u> | <u>LIHEAP</u> |
|-----------------------|------------------------|---------------------------------|----------------------|-------------------------|---------------------|
| \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ 1,534,493 |
| -- | -- | -- | -- | -- | -- |
| 12,563 | 13,058 | -- | 58,965 | 60,205 | -- |
| -- | -- | -- | -- | -- | -- |
| -- | -- | 64,045 | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |
| 340 | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |
| -- | -- | -- | 16,472 | 4,639 | -- |
| <u>12,903</u> | <u>13,058</u> | <u>64,045</u> | <u>75,437</u> | <u>64,844</u> | <u>1,534,493</u> |
| 1,943 | 2,885 | 25,236 | 35,830 | 35,754 | 70,954 |
| 728 | 1,094 | 9,221 | 8,615 | 8,512 | 27,943 |
| -- | -- | -- | -- | -- | 1,391,456 |
| 6,119 | 7,328 | 9,690 | 463 | 8,872 | 4,024 |
| 331 | 395 | 1,971 | 4,164 | 800 | 1,671 |
| -- | 400 | 857 | 912 | 2,755 | 7,687 |
| -- | 100 | 243 | 909 | 799 | 6,808 |
| 1,027 | 200 | 4,730 | 12,018 | 803 | 6,703 |
| -- | -- | 2,702 | 2,707 | 1,673 | 1,726 |
| 76 | 126 | 1,089 | 375 | 822 | 1,792 |
| -- | -- | 35 | 25 | 392 | 54 |
| 2,344 | 34 | 3,931 | 2,486 | 75 | 1,505 |
| -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |
| <u>12,568</u> | <u>12,562</u> | <u>59,705</u> | <u>68,504</u> | <u>61,257</u> | <u>1,522,323</u> |
| <u>335</u> | <u>496</u> | <u>4,343</u> | <u>6,226</u> | <u>6,194</u> | <u>12,170</u> |
| <u>12,903</u> | <u>13,058</u> | <u>64,048</u> | <u>74,730</u> | <u>67,451</u> | <u>1,534,493</u> |
| -- | -- | (3) | 707 | (2,607) | -- |
| <u>(89)</u> | <u>(125)</u> | <u>57</u> | <u>--</u> | <u>15,740</u> | <u>--</u> |
| <u><u>\$(89)</u></u> | <u><u>\$(125)</u></u> | <u><u>\$ 54</u></u> | <u><u>\$ 707</u></u> | <u><u>\$ 13,133</u></u> | <u><u>\$ --</u></u> |

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2008

| | Weatherization Assistance Programs | | |
|----------------------------------------------------------------------|---------------------------------------|-------------------------|--------------------|
| | HEAP | Department of Energy | Utility Company |
| Revenues: | | | |
| Governmental Funding Sources: | | | |
| Iowa Department of Human Rights | \$ 139,075 | \$ 150,356 | \$ 160,202 |
| U.S. Department of Health and Human Services | -- | -- | -- |
| Iowa Department of Public Health | -- | -- | -- |
| Iowa Department of Education | -- | -- | -- |
| Iowa Department of Human Services | -- | -- | -- |
| Iowa Department of Economic Development | -- | -- | -- |
| U.S. Department of Homeland Security | -- | -- | -- |
| Various | -- | -- | -- |
| In-Kind Contributions | -- | -- | -- |
| Public Support and Contributions | -- | -- | -- |
| Co-funding | -- | -- | -- |
| Investment income | -- | -- | -- |
| Miscellaneous | -- | -- | -- |
| Total Revenues | 139,075 | 150,356 | 160,202 |
| Expenditures: | | | |
| Salaries and wages | -- | -- | -- |
| Fringe benefits | -- | -- | -- |
| Assistance to individuals | 139,075 | 150,356 | 160,202 |
| Professional fees and contracted services | -- | -- | -- |
| Travel | -- | -- | -- |
| Occupancy | -- | -- | -- |
| Utilities and telephone | -- | -- | -- |
| Supplies and materials | -- | -- | -- |
| Equipment | -- | -- | -- |
| Printing, publications and postage | -- | -- | -- |
| Insurance | -- | -- | -- |
| Miscellaneous | -- | -- | -- |
| Co-Funding | -- | -- | -- |
| In-Kind: | | | |
| Labor | -- | -- | -- |
| Materials and other | -- | -- | -- |
| Total Expenditures Before Allocation of Indirect Costs | 139,075 | 150,356 | 160,202 |
| Allocation of Indirect Costs | -- | -- | -- |
| Total Expenditures | 139,075 | 150,356 | 160,202 |
| Excess of Revenues Over Expenditures (Expenditures Over Revenues) | -- | -- | -- |
| Net Assets (Liabilities) at Beginning of Year | -- | -- | -- |
| Net Assets (Liabilities) at End of Year | \$ -- | \$ -- | \$ -- |

See accompanying independent auditor's report.

| <u>Substance Abuse Prevention</u> | <u>Substance Abuse Treatment</u> | <u>Childhood Empowerment</u> | <u>Other</u> | <u>Total</u> |
|-----------------------------------|----------------------------------|------------------------------|------------------|------------------|
| \$ -- | \$ -- | \$ -- | \$ -- | \$ 2,215,225 |
| -- | -- | -- | -- | 1,989,106 |
| 218,096 | 332,766 | -- | 1,482 | 1,244,948 |
| -- | -- | 802,532 | -- | 1,350,372 |
| 84,059 | -- | 107,249 | 98,086 | 353,439 |
| -- | -- | -- | -- | 36,499 |
| -- | -- | -- | -- | 21,815 |
| -- | -- | -- | 73,697 | 163,495 |
| 10,633 | -- | -- | -- | 436,291 |
| 154,624 | 35,803 | 1,503 | 66,379 | 445,504 |
| 272 | -- | -- | 93 | 119,537 |
| -- | -- | 8,764 | -- | 8,834 |
| -- | <u>138,103</u> | <u>14,451</u> | <u>118,421</u> | <u>523,799</u> |
| 467,684 | 506,672 | 934,499 | 358,158 | 8,908,864 |
| 212,999 | 256,740 | 66,753 | 103,444 | 2,469,059 |
| 64,816 | 74,081 | 19,239 | 37,472 | 735,002 |
| -- | 154 | -- | 85,003 | 2,393,752 |
| 9,895 | 5,597 | 833,828 | 13,303 | 1,096,116 |
| 25,970 | 13,698 | 3,440 | 16,487 | 201,944 |
| 12,471 | 22,814 | 1,455 | 13,977 | 205,245 |
| 11,615 | 14,925 | 929 | 7,104 | 123,322 |
| 63,602 | 17,607 | 2,753 | 22,091 | 477,186 |
| 3,069 | 7,007 | 656 | 6,071 | 97,173 |
| 1,735 | 2,839 | 162 | 2,553 | 32,369 |
| 1,300 | 2,524 | 1,632 | 10,896 | 30,749 |
| 7,312 | 9,733 | 252 | 21,508 | 168,009 |
| -- | -- | -- | -- | 119,537 |
| 10,493 | -- | -- | -- | 161,848 |
| <u>140</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>274,443</u> |
| 425,417 | 427,719 | 931,099 | 339,909 | 8,585,754 |
| <u>36,820</u> | <u>44,342</u> | <u>3,400</u> | <u>17,992</u> | <u>418,113</u> |
| <u>462,237</u> | <u>472,061</u> | <u>934,499</u> | <u>357,901</u> | <u>9,003,867</u> |
| 5,447 | 34,611 | -- | 257 | (95,003) |
| <u>6,752</u> | <u>50,549</u> | <u>--</u> | <u>69,533</u> | <u>163,555</u> |
| <u>\$ 12,199</u> | <u>\$ 85,160</u> | <u>\$ --</u> | <u>\$ 69,790</u> | <u>\$ 68,552</u> |

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards*
Year Ended September 30, 2008

| Federal Grantor/Pass-through Grantor/Program Title | CFDA Number | Grant or Program Number |
|---------------------------------------------------------------|----------------|----------------------------|
| U.S. Department of Health and Human Services | | |
| Direct Programs | | |
| Head Start Program | 93.600 | 07CH 6107/41 |
| Head Start Program | 93.600 | 07CH 6107/42 |
| Early Head Start | 93.600 | 07CH 6107/41 |
| Early Head Start | 93.600 | 07CH 6107/42 |
| <i>Subtotal Direct Programs</i> | | |
| Indirect Programs | | |
| Iowa Department of Human Rights | | |
| Community Services Block Grant | 93.569 | CSBG 08-01CB |
| Low-Income Home Energy Assistance Program | 93.568 | LIHEAP-08-01-B |
| Weatherization Assistance | 93.568 | HEAP 07-01B |
| Weatherization Assistance | 93.568 | HEAP 08-01B |
| Iowa Department of Public Health | | |
| Maternal Health | 93.994 | 5888 MH07 |
| Child Health | 93.994 | 5888 MH07 |
| Dental Health | 93.994 | 5888 MH07 |
| Family Planning | 93.217 | 5888 MH07 |
| I-4 Project (Immunization) | 93.268 | 5887 I438 |
| I-4 Project (Immunization) | 93.268 | 5888 I422 |
| Childhood Lead Poisoning Prevention Program | 93.197 | 5888 L10 |
| Comprehensive Substance Abuse Prevention | 93.959 | 5888 CP04 |
| Comprehensive Substance Abuse Prevention | 93.959 | 5889 CP04 |
| Substance Abuse Prevention and Treatment Block Grant | 93.959 | |
| Substance Abuse Prevention and Treatment Block Grant | 93.959 | |
| Youth Mentoring | 93.558 | DCAT-07-061 |
| Youth Mentoring | 93.558 | DCAT-07-182 |
| Juvenile Accountability and Alcohol Drug Education Program | 93.558 | CJJP-07-B1-001 |
| Iowa Department of Human Services | | |
| Child Care Resource and Referral | 93.575 | |
| Child Care Resource and Referral | 93.575 | |
| Community for Adolescent Pregnancy Prevention | 93.558 | BDPS-06-062 |
| Community for Adolescent Pregnancy Prevention | 93.558 | BDPS-06-062 |
| Iowa Department of Education | | |
| Early Childhood Funds Under Empowerment | 93.558 | |
| Early Childhood Funds Under Empowerment | 93.558 | |
| <i>Subtotal Indirect Programs</i> | | |
| <i>Total U.S. Department of Health and Human Services</i> | | |
| U.S. Department of Homeland Security | | |
| Direct Programs | | |
| Emergency Food and Shelter Program | 97.024 | |

(continued next page)

| <u>Period of Grant</u> | <u>Federal Expenditures</u> |
|------------------------|---------------------------------|
| 12/01/06 - 11/30/07 | \$ 388,505 |
| 12/01/07 - 11/30/08 | 1,176,975 |
| 12/01/06 - 11/30/07 | 68,719 |
| 12/01/07 - 11/30/08 | <u>354,907</u> |
| | 1,989,106 |
| 10/01/07 - 09/30/08 | 231,099 |
| 10/01/07 - 09/30/08 | 1,534,493 |
| 01/01/07 - 12/31/07 | 32,952 |
| 01/01/08 - 12/31/08 | 106,123 |
| 10/01/07 - 09/30/08 | 43,015 |
| 10/01/07 - 09/30/08 | 75,967 |
| 10/01/07 - 09/30/08 | 7,766 |
| 10/01/07 - 09/30/08 | 43,202 |
| 01/01/07 - 12/31/07 | 698 |
| 01/15/08 - 12/31/08 | 3,655 |
| 07/01/07 - 06/30/08 | 7,171 |
| 07/01/07 - 06/30/08 | 38,977 |
| 07/01/08 - 06/30/09 | 21,026 |
| 07/01/07 - 06/30/08 | 27,101 |
| 07/01/08 - 06/30/09 | 10,220 |
| 07/01/07 - 06/30/08 | 12,503 |
| 07/01/07 - 06/30/08 | 5,821 |
| 10/01/07 - 09/30/08 | 11,308 |
| 07/01/07 - 06/30/08 | 54,346 |
| 07/01/08 - 06/30/09 | 26,677 |
| 07/01/07 - 06/30/08 | 57,353 |
| 07/01/08 - 06/30/09 | 6,692 |
| 07/01/07 - 06/30/08 | 38,934 |
| 07/01/08 - 06/30/09 | <u>13,916</u> |
| | <u>2,411,015</u> |
| | 4,400,121 |
| 01/01/08 - 12/31/08 | 21,815 |

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued*
Year Ended September 30, 2008

| <u>Federal Grantor/Pass-through Grantor/Program Title</u> | <u>CFDA Number</u> | <u>Grant or Program Number</u> |
|---------------------------------------------------------------------------|------------------------|------------------------------------|
| U.S. Department of Energy | | |
| Indirect Programs | | |
| Iowa Department of Human Rights | | |
| Weatherization Assistance | 81.042 | DOE 07-01 B |
| Weatherization Assistance | 81.042 | DOE 08-01 B |
| <i>Total U.S. Department of Energy</i> | | |
| U.S. Department of Agriculture | | |
| Indirect Programs | | |
| Iowa Department of Public Health | | |
| Special Supplemental Nutrition Program for Women, Infants and Children | 10.557 | 5888 A033 |
| Iowa Department of Education | | |
| Child and Adult Care Food Program (Day Care Homes) | 10.558 | 14-8015 |
| Child and Adult Care Food Program (Head Start) | 10.558 | 14-8010 |
| <i>Total U.S. Department of Agriculture</i> | | |
| U.S. Department of Housing and Urban Development | | |
| Indirect Program | | |
| Iowa Department of Economic Development | | |
| Home Investment Partnership Program | 14.239 | 01 HM 213 |
| U.S. Department of Justice | | |
| Indirect Program | | |
| Iowa Department of Human Services | | |
| Juvenile Accountability and Alcohol Drug Education Program | 16.727 | CJJP-07-B2-001 |
| Total Expenditures of Federal Awards | | |

* See Notes to Financial Statements for Basis of Presentation.

See accompanying independent auditor's report.

| <u>Period of Grant</u> | <u>Federal Expenditures</u> |
|------------------------|---------------------------------|
| 04/01/07 - 03/31/08 | \$ 84,390 |
| 04/01/08 - 03/31/09 | <u>65,966</u> |
| | 150,356 |
| 10/01/07 - 09/30/08 | 342,365 |
| 10/01/07 - 09/30/08 | 444,875 |
| 10/01/07 - 09/30/08 | <u>102,965</u> |
| | 890,205 |
| 03/10/00 - 02/29/09 | 36,499 |
| 10/01/07 to 09/30/08 | <u>1,264</u> |
| | <u>\$ 5,500,260</u> |

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Community Services Block Grant
 Year Ended September 30, 2008

| | <u>Budget</u> | <u>Actual</u> | <u>(Over) Under Budget</u> |
|-------------------------------------|-------------------|-------------------|--------------------------------|
| <u>Contract Number CSBG 08-01CB</u> | | | |
| Program Revenues: | | | |
| Iowa Department of Human Rights | \$ 231,099 | \$ 231,099 | \$ -- |
| Program Expenditures: | | | |
| Personnel | \$ 69,139 | \$ 71,572 | \$(2,433) |
| Travel | 5,400 | 5,940 | (540) |
| Space Costs | 2,500 | 1,338 | 1,162 |
| Equipment | 1,560 | 1,695 | (135) |
| Co-Funded Programs | 118,423 | 119,537 | (1,114) |
| Other Costs | 24,881 | 21,367 | 3,514 |
| Indirect Costs | <u>9,196</u> | <u>9,650</u> | <u>(454)</u> |
| Total Expenditures | <u>\$ 231,099</u> | <u>\$ 231,099</u> | <u>\$ --</u> |

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Low-Income Home Energy Assistance Program
 Year Ended September 30, 2008

| | <u>Budget</u> | <u>Actual</u> | <u>(Over) Under Budget</u> |
|--------------------------------------|---------------------|---------------------|--------------------------------|
| <u>Contract Number LIHEAP-08-01B</u> | | | |
| Program Revenues: | | | |
| Iowa Department of Human Rights | \$ 1,564,517 | \$ 1,534,493 | \$ 30,024 |
| Program Expenditures: | | | |
| Regular Assistance | \$ 1,141,309 | \$ 1,141,728 | \$(419) |
| Energy Crisis Intervention Payments | 76,689 | 56,430 | 20,259 |
| Client Services | 49,430 | 39,630 | 9,800 |
| Summer Deliverable Fuel Program | 193,298 | 193,298 | -- |
| Administration Costs | 103,791 | 103,407 | 384 |
| Total Expenditures | <u>\$ 1,564,517</u> | <u>\$ 1,534,493</u> | <u>\$ 30,024</u> |

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Weatherization Assistance Programs
 Year Ended September 30, 2008

| | <u>Budget</u> | <u>Actual</u> | <u>(Over) Under Budget</u> |
|------------------------------------|-------------------|-------------------|--------------------------------|
| <u>Contract Number HEAP 07-01B</u> | | | |
| Program Revenues: | | | |
| Iowa Department of Human Rights | \$ 211,306 | \$ 32,952 | \$ 178,354 |
| | | | |
| Program Expenditures: | | | |
| Administration Costs | \$ 11,972 | \$ 1,280 | \$ 10,692 |
| Weatherization Materials | 54,127 | -- | 54,127 |
| Support Costs | 29,118 | 9,567 | 19,551 |
| Labor | 50,150 | 1,313 | 48,837 |
| Health and Safety | 35,939 | 123 | 35,816 |
| Equipment and Training | <u>30,000</u> | <u>20,669</u> | <u>9,331</u> |
| Total Expenditures | <u>\$ 211,306</u> | <u>\$ 32,952</u> | <u>\$ 178,354</u> |
| | | | |
| <u>Contract Number HEAP 08-01B</u> | | | |
| Program Revenues: | | | |
| Iowa Department of Human Rights | \$ 303,928 | \$ 106,123 | \$ 197,805 |
| | | | |
| Program Expenditures: | | | |
| Administration Costs | \$ 15,431 | \$ 11,964 | \$ 3,467 |
| Weatherization Materials | 72,774 | 847 | 71,927 |
| Support Costs | 69,784 | 56,880 | 12,904 |
| Labor | 72,775 | 14,683 | 58,092 |
| Health and Safety | 53,833 | 21,749 | 32,084 |
| Equipment and Training | <u>19,331</u> | <u>--</u> | <u>19,331</u> |
| Total Expenditures | <u>\$ 303,928</u> | <u>\$ 106,123</u> | <u>\$ 197,805</u> |

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Weatherization Assistance Programs
 Year Ended September 30, 2008

| | <u>Budget</u> | <u>Actual</u> | <u>(Over) Under Budget</u> |
|-----------------------------------|-------------------|------------------|--------------------------------|
| <u>Contract Number DOE 07-01B</u> | | | |
| Program Revenues: | | | |
| Iowa Department of Human Rights | \$ 116,316 | \$ 84,390 | \$ 31,926 |
| Program Expenditures: | | | |
| Administration Costs | \$ 5,497 | \$ 3,701 | \$ 1,796 |
| Weatherization Materials | 26,715 | 34,215 | (7,500) |
| Support Costs | 33,320 | 13,253 | 20,067 |
| Labor | 28,618 | 18,887 | 9,731 |
| Health and Safety | 22,166 | 14,334 | 7,832 |
| Total Expenditures | <u>\$ 116,316</u> | <u>\$ 84,390</u> | <u>\$ 31,926</u> |
| <u>Contract Number DOE 08-01B</u> | | | |
| Program Revenues: | | | |
| Iowa Department of Human Rights | \$ 186,687 | \$ 65,966 | \$ 120,721 |
| Program Expenditures: | | | |
| Administration Costs | \$ 20,931 | \$ 20,931 | \$ -- |
| Weatherization Materials | 44,816 | 16,104 | 28,712 |
| Support Costs | 42,974 | 8,612 | 34,362 |
| Labor | 44,815 | 11,686 | 33,129 |
| Health and Safety | 33,151 | 8,633 | 24,518 |
| Total Expenditures | <u>\$ 186,687</u> | <u>\$ 65,966</u> | <u>\$ 120,721</u> |

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Weatherization Assistance Programs
 Year Ended September 30, 2008

| | <u>Budget</u> | <u>Actual</u> | <u>(Over) Under Budget</u> |
|-----------------------------------|------------------|------------------|--------------------------------|
| <u>Contract Number AQU 07-01B</u> | | | |
| Program Revenues: | | | |
| Iowa Department of Human Rights | \$ 8,723 | \$ 8,204 | \$ 519 |
| Program Expenditures: | | | |
| Administrative Costs | \$ 930 | \$ 930 | \$ -- |
| Weatherization Materials | 3,587 | 4,389 | (802) |
| Support Costs | 215 | -- | 215 |
| Labor | <u>3,991</u> | <u>2,885</u> | <u>1,106</u> |
| Total Expenditures | <u>\$ 8,723</u> | <u>\$ 8,204</u> | <u>\$ 519</u> |
| <u>Contract Number IPL 07-01B</u> | | | |
| Program Revenues: | | | |
| Iowa Department of Human Rights | \$ 39,950 | \$ 19,273 | \$ 20,677 |
| Program Expenditures: | | | |
| Administrative Costs | \$ 2,843 | \$ 1,500 | \$ 1,343 |
| Weatherization Materials | 15,417 | 10,513 | 4,904 |
| Support Costs | 3,221 | 1,246 | 1,975 |
| Labor | <u>18,469</u> | <u>6,014</u> | <u>12,455</u> |
| Total Expenditures | <u>\$ 39,950</u> | <u>\$ 19,273</u> | <u>\$ 20,677</u> |
| <u>Contract Number MEC 07-01B</u> | | | |
| Program Revenues: | | | |
| Iowa Department of Human Rights | \$ 50,601 | \$ 37,042 | \$ 13,559 |
| Program Expenditures: | | | |
| Administrative Costs | \$ 3,556 | \$ 2,991 | \$ 565 |
| Weatherization Materials | 22,980 | 16,084 | 6,896 |
| Support Costs | 4,265 | 2,601 | 1,664 |
| Labor | <u>19,800</u> | <u>15,366</u> | <u>4,434</u> |
| Total Expenditures | <u>\$ 50,601</u> | <u>\$ 37,042</u> | <u>\$ 13,559</u> |

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Weatherization Assistance Programs
 Year Ended September 30, 2008

| | <u>Budget</u> | <u>Actual</u> | <u>(Over) Under Budget</u> |
|-----------------------------------|------------------|------------------|--------------------------------|
| <u>Contract Number AQU 08-01B</u> | | | |
| Program Revenues: | | | |
| Iowa Department of Human Rights | \$ 18,594 | \$ 14,338 | \$ 4,256 |
| Program Expenditures: | | | |
| Administrative Costs | \$ 930 | \$ -- | \$ 930 |
| Weatherization Materials | 7,902 | 7,276 | 626 |
| Support Costs | 1,860 | 1,780 | 80 |
| Labor | <u>7,902</u> | <u>5,282</u> | <u>2,620</u> |
| Total Expenditures | <u>\$ 18,594</u> | <u>\$ 14,338</u> | <u>\$ 4,256</u> |
| <u>Contract Number IPL 08-01B</u> | | | |
| Program Revenues: | | | |
| Iowa Department of Human Rights | \$ 56,857 | \$ 35,216 | \$ 21,641 |
| Program Expenditures: | | | |
| Administrative Costs | \$ 2,843 | \$ 140 | \$ 2,703 |
| Weatherization Materials | 24,164 | 18,194 | 5,970 |
| Support Costs | 5,686 | 3,900 | 1,786 |
| Labor | <u>24,164</u> | <u>12,982</u> | <u>11,182</u> |
| Total Expenditures | <u>\$ 56,857</u> | <u>\$ 35,216</u> | <u>\$ 21,641</u> |
| <u>Contract Number MEC 08-01B</u> | | | |
| Program Revenues: | | | |
| Iowa Department of Human Rights | \$ 86,138 | \$ 46,129 | \$ 40,009 |
| Program Expenditures: | | | |
| Administrative Costs | \$ 4,306 | \$ 1,449 | \$ 2,857 |
| Weatherization Materials | 36,609 | 20,688 | 15,921 |
| Support Costs | 8,614 | 5,512 | 3,102 |
| Labor | <u>36,609</u> | <u>18,480</u> | <u>18,129</u> |
| Total Expenditures | <u>\$ 86,138</u> | <u>\$ 46,129</u> | <u>\$ 40,009</u> |

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures
 Administrative Fund
 Year Ended September 30, 2008

| | <u>Miscellaneous</u> | <u>Indirect Cost Pool</u> | <u>Total</u> |
|-------------------------------------------------------------------|-------------------------|-------------------------------|--------------------------|
| Revenues: | | | |
| Public Support and Contributions | \$ 290 | \$ -- | \$ 290 |
| Investment Income | 20,434 | -- | 20,434 |
| Miscellaneous | <u>35,424</u> | <u>81</u> | <u>35,505</u> |
| Total Revenues | <u><u>\$ 56,148</u></u> | <u><u>\$ 81</u></u> | <u><u>\$ 56,229</u></u> |
| Expenditures: | | | |
| Salaries and Wages | \$(8,450) | \$ 288,020 | \$ 279,570 |
| Fringe Benefits | -- | 86,032 | 86,032 |
| Professional Fees and Contracted Services | (2,110) | 34,633 | 32,523 |
| Travel | 281 | 13,423 | 13,704 |
| Occupancy | 80 | 12,737 | 12,817 |
| Utilities and Telephone | 542 | 8,025 | 8,567 |
| Supplies and Materials | 2,345 | 22,766 | 25,111 |
| Equipment | 10,274 | (5,150) | 5,124 |
| Printing, Publications and Postage | 3 | 6,701 | 6,704 |
| Insurance | -- | 14,615 | 14,615 |
| Miscellaneous | <u>1,732</u> | <u>8,884</u> | <u>10,616</u> |
| Total Expenditures Before Allocation of Indirect Costs | 4,697 | 490,686 | 495,383 |
| Allocation of Indirect Costs | <u><u>--</u></u> | <u><u>(418,113)</u></u> | <u><u>(418,113)</u></u> |
| Total Expenditures | <u><u>\$ 4,697</u></u> | <u><u>\$ 72,573</u></u> | <u><u>\$ 77,270</u></u> |

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

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 of
New Opportunities, Inc.
Carroll, Iowa

We have audited the financial statements of New Opportunities, Inc. as of and for the year ended September 30, 2008, and have issued our report thereon dated January 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Opportunities, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of New Opportunities, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably, in accordance with accounting principles generally accepted in the United States of America, such that there is more than a remote likelihood a misstatement of the Agency's financial statements, that is more than inconsequential, will not be prevented or detected by the Agency's internal control.

To the Board of Directors of
New Opportunities, Inc.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Opportunities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Agency's operations for the year ended September 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of New Opportunities, Inc. and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Stonebold, Bell, Thylman + Co. P.C.

Atlantic, Iowa
January 16, 2009

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

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 of
New Opportunities, Inc.
Carroll, Iowa

Compliance

We have audited the compliance of New Opportunities, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended September 30, 2008. New Opportunities, Inc.'s major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs is the responsibility of New Opportunities, Inc.'s management. Our responsibility is to express an opinion on New Opportunities, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about New Opportunities, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on New Opportunities, Inc.'s compliance with those requirements.

In our opinion, New Opportunities, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2008.

To the Board of Directors of
New Opportunities, Inc.

Internal Control Over Compliance

The management of New Opportunities, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered New Opportunities, Inc.'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Opportunities, Inc.'s internal control over compliance.

A control deficiency in the Agency's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Agency's internal control.

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of New Opportunities, Inc. and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Greenwald, Bell, Kyles + W. P. C.

Atlantic, Iowa
January 16, 2009

NEW OPPORTUNITIES, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2008

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 93.600 - Head Start Program
 - CFDA Number 93.568 - Low-Income Home Energy Assistance Program
 - CFDA Number 10.558 - Child and Adult Care Food Program
 - CFDA Number 10.557 - Special Supplemental Nutrition Program for Women, Infants and Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) New Opportunities, Inc. did not qualify as a low-risk auditee.

NEW OPPORTUNITIES, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2008

Part II: Findings Related to the Financial Statements:

No findings noted for the year ended September 30, 2008.

Part III: Findings and Questioned Costs For Federal Awards:

No findings noted for the year ended September 30, 2008.

Part IV: Other Findings Related to Required Statutory Reporting:

No matters were noted for the year ended September 30, 2008.

* * *