

**Community Action Opportunities**

Asheville, North Carolina

Financial Statements  
and Supplementary Information

Year Ended June 30, 2014

and

Independent Auditors' Report

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## Section I

## Independent Auditors' Report

To the Board of Directors  
Community Action Opportunities  
Asheville, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Community Action Opportunities (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action Opportunities as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules on pages 19-30 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards, as required by Office of Management and Budget 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2014, on our consideration of Community Action Opportunities' 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action Opportunities' internal control over financial reporting and compliance.

*Johnson Price Sprinkle PA*

December 29, 2014

## Community Action Opportunities

### Statement of Financial Position

June 30, 2014

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#### **Assets**

##### **Current assets:**

Cash	\$	827,086
Receivables		357,854
Inventory - materials		4,356
Prepaid expenses		17,243
Total current assets		1,206,539

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<b>Property and equipment</b>		4,179,920
Less accumulated depreciation		(3,562,012)
Net property and equipment		617,908
Total assets		\$ 1,824,447

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The accompanying notes are an integral part of these financial statements.

## Community Action Opportunities

Statement of Financial Position – continued

June 30, 2014

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### **Liabilities and Net Assets**

#### **Current liabilities:**

Accounts payable and accrued expenses	\$ 472,813
Note payable - current portion	54,754
Total current liabilities	527,567

#### **Note payable**

Total liabilities	292,869
	820,436

#### **Net assets:**

##### Temporarily restricted:

Investment in property and equipment	130,974
Unexpended grant balance	283,812
Donor restricted assets	1,311
	416,097

##### Unrestricted:

Investment in property and equipment	486,934
Designated for self-insurance	692,707
Undesignated (deficit)	(591,727)
	587,914
Total net assets	1,004,011
Total liabilities and net assets	\$ 1,824,447

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The accompanying notes are an integral part of these financial statements.



## Community Action Opportunities

### Statement of Activities

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
<b>Revenues, grants and other support:</b>			
Federal grants	\$ -	\$ 3,988,649	\$ 3,988,649
Federal grants passed through			
State agency	-	3,113,266	3,113,266
State grants	-	47,427	47,427
Local grants	-	214,236	214,236
Program fees	894,423	-	894,423
Interest income	270	1,324	1,594
Other	1,005	385,364	386,369
In-kind contributions:			
Non-cash	-	768,706	768,706
Net assets released from restrictions	8,647,168	(8,647,168)	-
<b>Total revenues, grants and other support</b>	<b>\$ 9,542,866</b>	<b>\$ (128,196)</b>	<b>\$ 9,414,670</b>

The accompanying notes are an integral part of these financial statements.

## Community Action Opportunities

Statement of Activities – continued

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
<b>Expenses:</b>			
Direct program expenses:			
Salaries and wages	\$ 3,613,919	\$ -	\$ 3,613,919
Salaries and wages, in-kind	123,442	-	123,442
Fringe benefits	1,169,176	-	1,169,176
Workers' compensation	68,155	-	68,155
Travel	83,303	-	83,303
Supplies	947,736	-	947,736
Space cost	160,127	-	160,127
Communications	77,457	-	77,457
Contractual	1,423,194	-	1,423,194
Direct assistance	57,732	-	57,732
Depreciation	175,741	-	175,741
Other in-kind	645,264	-	645,264
Other	444,217	-	444,217
	8,989,463	-	8,989,463
Indirect costs	843,471	-	843,471
Total expenses	9,832,934	-	9,832,934
<b>Change in net assets</b>	(290,068)	(128,196)	(418,264)
<b>Net assets, beginning of year</b>	877,982	544,293	1,422,275
<b>Net assets, end of year</b>	\$ 587,914	\$ 416,097	\$ 1,004,011

The accompanying notes are an integral part of these financial statements.

## Community Action Opportunities

### Statement of Cash Flows

Year Ended June 30, 2014

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#### Cash flows from operating activities:

Change in net assets	\$ (418,264)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	176,748
(Increase) decrease in:	
Receivables	60,220
Prepaid expenses	4,733
Inventory	3,355
Increase (decrease) in:	
Accounts payable and accrued expenses	(97,237)
Refundable advance	(474,746)

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**Net cash used by operating activities** (745,191)

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#### Cash flows from investing activities:

Purchases of property and equipment	(15,812)
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**Net cash used by investing activities** (15,812)

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#### Cash flows from financing activities:

Payments on long-term debt	(59,317)
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**Net cash used by financing activities** (59,317)

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**Net decrease in cash** (820,320)

**Cash, beginning of year** 1,647,406

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**Cash, end of year** \$ 827,086

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#### Supplemental disclosure of cash flow information:

Cash paid for interest	\$ 26,897
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The accompanying notes are an integral part of these financial statements.

## Community Action Opportunities

### Statement of Functional Expenses

Year Ended June 30, 2014

	<b>Program</b>	<b>Management and General</b>	<b>Total</b>
Salaries and wages	\$ 3,613,919	\$ 540,410	\$ 4,154,329
Salaries and wages, in-kind	123,442	-	123,442
Fringe benefits	1,169,176	164,653	1,333,829
Workers' compensation	68,155	1,972	70,127
Travel	83,303	2,531	85,834
Supplies	947,736	2,419	950,155
Food	140,598	-	140,598
Professional and career development	43,980	1,196	45,176
Space cost	160,127	35,677	195,804
Communications	77,457	4,445	81,902
Contractual	1,423,194	-	1,423,194
Direct assistance	57,732	-	57,732
Depreciation	175,741	1,007	176,748
Other in-kind	645,264	-	645,264
Other	259,639	89,161	348,800
<b>Total</b>	<b>\$ 8,989,463</b>	<b>\$ 843,471</b>	<b>\$ 9,832,934</b>

The accompanying notes are an integral part of these financial statements.

## Community Action Opportunities

Notes to Financial Statements

June 30, 2014

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### **Note A – Description of organization:**

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Community Action Opportunities (“the Organization”) is a private non-profit organization, operating in Madison and Buncombe Counties. It is funded primarily by grants from federal, state and local governmental units and agencies. The largest grants are Weatherization, Community Services Block Grant, Head Start and Child Care Food. The Organization administers various programs designed to assist the underprivileged in achieving self-sufficiency.

### **Note B – Significant accounting policies:**

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The significant accounting policies followed by the Organization are presented below to enhance the usefulness of the financial statements to the reader.

#### **Basis of accounting**

The accounts of the Organization are maintained on the accrual basis. In accordance with FASB ASC 958-205, *Preparation of Financial Statements*, contributions received are recorded as unrestricted, temporarily restricted and permanently restricted support depending on the existence and/or nature of any donor restrictions.

#### **Basis of presentation**

Financial statement presentation follows the recommendations of FASB ASC 958-205, *Preparation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets.

#### **Unrestricted**

Unrestricted net assets consist of all resources of the Organization which have no donor imposed restrictions. The Organization’s Board of Directors, at their discretion, may designate unrestricted support for a specified purpose.

#### **Temporarily restricted**

Temporarily restricted net assets consist of contributions received whose use by the Organization is limited by donor - imposed stipulations that expire by passage of time or can be fulfilled by actions of the Organization. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

#### **Permanently restricted**

Permanently restricted net assets consist of contributions received from donors whose use by the Organization is limited to investment in perpetuity by donor - imposed stipulations.

## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2014

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### **Note B – Significant accounting policies – continued:**

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#### **Basis of presentation – continued**

As permitted by these standards, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting purposes into funds that are in accordance with activities or objectives specified. However, the Organization has discontinued its use of fund reporting and has, accordingly, reclassified its financial statements to present the three classes of net assets required.

#### **Receivables**

Receivables are stated at unpaid balances of grants and other receivables. Amounts are charged off to an allowance for uncollectible accounts as they are deemed uncollectible based upon periodic review of the accounts. At June 30, 2014, no allowance for uncollectible accounts was considered necessary.

#### **Property and equipment**

Property and equipment have been recorded at cost. Contributions of property and equipment have been recorded at their estimated fair market value at the date of the gift. Property and equipment with an original cost or fair value of \$500 or greater are capitalized. Depreciation has been computed on the straight-line basis. Upon sale or other disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts and the related gain or loss is reflected in operations. Expenditures for major renewals, replacements and betterments are capitalized. Repairs, maintenance, and minor renewals not in the nature of capital expenditures are reflected in operations as incurred.

Property and equipment acquisitions by individual programs are capitalized at the time of purchase. Depreciation expense is recorded over the useful life of the assets based on the Organization's depreciation policy described above. Depreciation expense is calculated using the straight-line method over the useful lives of the assets as follows:

Automotive equipment	5 years
Office equipment and furniture	3 - 5 years
Buildings and improvements	5 - 20 years

#### **Inventory**

Inventory is valued at the lower of cost or market.

## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2014

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### **Note B – Significant accounting policies – continued:**

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#### **Fair value measurement**

FASB ASC 820-10, *Fair Value Measurement and Disclosures*, applies to report balances that are required or permitted to be measured at fair value, defines fair value, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements.

The fair value hierarchy prioritizes the input to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

**Level 1** (the highest level) inputs are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. For example, securities traded in an active market, such as the New York Stock Exchange, are valued using Level 1 inputs.

**Level 2** inputs are observable inputs other than quoted prices, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term.

**Level 3** inputs are unobservable inputs for the asset or liability, meaning the inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability, including inputs related to risk, which have been developed based on the best information available in the circumstances.

#### **In-kind contributions**

The Organization receives in-kind contributions from various organizations and individuals. These contributions consist of rent, supplies, and donated services and are valued at the fair market value of the donated service or item at the time of the donation.

Donated services are recognized as contributions in accordance with FASB ASC 958-605, *Revenue Recognition*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the year ended June 30, 2014, volunteers also provided services in the Head Start program that were not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958-605 were not met.

## **Community Action Opportunities**

Notes to Financial Statements – continued

June 30, 2014

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### **Note B – Significant accounting policies – continued:**

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#### **Income taxes**

The Organization is exempt from income taxes as a nonprofit corporation under Code Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation. It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain and what, if any, effect the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for tax year 2013. Currently, the statute of limitations remains open subsequent to and including tax year 2010; however, no examinations are in process or anticipated. Any changes in the amount of a tax position will be recognized in the period the change occurs.

#### **Cost allocation**

The Organization uses the direct cost method to allocate costs to a particular program that can be specifically identified with the particular program.

For costs that are incurred for common organization objectives and cannot be readily identified with a particular program activity of the Organization, an indirect cost rate is used to allocate the costs to the programs. For management & general indirect costs, the rate is computed using total program salaries and fringe benefits as the basis for allocation. Fringe benefits (other than workers' compensation) are charged proportionally to the programs based on the actual salary costs incurred by the programs. Other indirect costs are allocated on a reasonable basis as approved by the Division of Cost Allocation, U.S. Department of Health & Human Services.

#### **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of assets and contingent liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### **Subsequent events**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 29, 2014, the date the financial statements were available to be issued.



## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2014

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### Note C – Fringe benefits:

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Fringe benefits allocated to the various programs for the year ended June 30, 2014 are as follows:

Vision insurance	\$	1,413
Social security		310,369
Retirement benefits		206,191
Employee assistance programs		3,124
Health insurance		694,407
Dental insurance		3,532
Unemployment insurance		38,728
Life insurance		14,415
Long-term care insurance		29,903
Disability		31,747
		<hr/>
		1,333,829
Included in indirect costs (see Note D)		164,653
		<hr/>
	\$	1,169,176

### Note D – Management and general indirect costs:

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Indirect costs are costs that have been incurred for common Organization objectives and cannot be readily identified with a particular program activity of the Organization. Indirect costs are charged to the grant program based on an allocation plan approved by the Organization's oversight agency, the Department of Health and Human Services. The provisional rate of 16.35% of direct salaries and fringe benefits was approved May 16, 2014. However, the actual calculated rate of 17.39% of direct salaries and fringe benefits was used to charge the individual grants unless otherwise restricted by grantor.

## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2014

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### Note D – Management and general indirect costs – continued:

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Indirect costs charged through the indirect cost rate for the year ended June 30, 2014 are as follows:

Salaries and wages	\$	540,410
Employer's share of fringe benefits		164,653
Workers' compensation		1,972
Travel		2,531
Supplies		2,419
Professional and career development		1,196
Space cost		35,677
Communications		4,445
Depreciation		1,007
Professional services		33,128
Membership dues and subscriptions		4,415
Liability insurance		29,417
Board expense		3,069
Service charges		2,741
Information system service		16,055
Other		336
	\$	843,471
		(A)
Direct personnel costs	\$	4,851,250
		(B)

$$(A) \div (B) = \frac{\$ 843,471}{\$ 4,851,250} = 17.39\% \text{ of total direct personnel costs}$$

### Note E – Retirement plan:

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The Organization offers a 401(k) contribution plan for eligible employees. The Organization matches the employee contribution up to six percent of compensation. For the year ended June 30, 2014, the Organization's matching contribution amounted to \$206,191. (See Note C).

## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2014

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### Note F – Receivables:

Receivables as of June 30, 2014 consist of the following:

Grants	\$	311,423
Sales tax		46,431
	\$	357,854

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### Note G – Property and equipment:

Property and equipment as of June 30, 2014 consist of the following:

	Grantor	Agency	Total
Automotive equipment	\$ 477,287	\$ 12,874	\$ 490,161
Office equipment and furniture	495,402	336,541	831,943
Land	-	134,000	134,000
Buildings and improvements	1,480,188	1,243,628	2,723,816
	2,452,877	1,727,043	4,179,920
Less: accumulated depreciation	(2,321,903)	(1,240,109)	(3,562,012)
	\$ 130,974	\$ 486,934	\$ 617,908

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Assets purchased with program funds are represented in the grantor column. Grantor assets in the amount of \$130,974 have reversionary titles which remain with the individual grantor.

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### Note H – Accounts payable and accrued expenses:

Accounts payable and accrued expenses as of June 30, 2014 consist of the following:

Trade payables	\$	94,318
Accrued salaries		127,417
Accrued leave		101,821
Medical claims liability		135,125
Other		14,132
	\$	472,813

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The medical claims liability is recorded at estimated fair value based on an actuarial study utilizing Level 2 inputs.

## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2014

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### Note I – Note payable:

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Note payable consists of the following as of June 30, 2014:

Note payable on program service building due in monthly installments of \$4,563 in principal, plus interest of 6.45%. In April 2014, the note was refinanced for an interest rate of 4.25%. The note matures December 2020 and is collateralized by equipment and a deed of trust on real property, with a carrying amount of \$486,934.

\$ 347,623

Less current installments

(54,754)

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\$ 292,869

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Maturities of note payable are as follows:

Fiscal year ending June 30:

2015	\$ 54,754
2016	54,754
2017	54,754
2018	54,754
2019	54,754
Thereafter	73,853
	<hr/>
	\$ 347,623

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## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2014

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### Note J – Net assets:

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As of June 30, 2014, temporarily restricted net assets consist of the following:

Investment in property and equipment	\$	130,974
Unexpended grant balance:		
Quality Enhancement		283,812
Donor restricted assets:		
Area classroom donations		1,311
<hr/>		
Total temporarily restricted net assets	\$	416,097
<hr/>		

Unrestricted net assets in the amount of \$692,707 have been designated by management for health care benefits under the self-funded health care plan.

### Note K – Commitments and contingencies:

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A portion of the Organization's grants receivable is subject to the approval of the final indirect cost rate by the Organization's oversight agency and final closeout by the grantors. As discussed in Note D, indirect costs have been charged at the actual calculated rate.

The Organization provides group health, dental and vision benefits to employees through a self-funded insurance program. The liability for medical claims at June 30, 2014 consists of incurred but not reported (IBNR) actual claims, incurred prior to June 30, 2014 but reported for payment subsequent to year end (see Note H). To protect against potential catastrophic illness claims, the Organization carries both individual and aggregate stop-loss coverage for events over certain limits. However, the stop loss contracts are structured under a "claims paid" format for the policy period, leaving the Organization with a potential liability for catastrophic IBNR (run-out) claims. Management has established a medical claims reserve as a component of equity, based on the actuarially determined cost of providing this employee benefit. The equity reserve consists of funds earmarked for self-insured health benefits which are unexpended and unencumbered at June 30, 2014.

The Organization funds the self-insurance program through premiums charged to grants at an actuarially determined rate. During the year ended June 30, 2014, management determined that the program is overfunded, resulting in the decision to grant a "premium holiday" for charges to grants for the periods July 2013 through September 2013 and April 2014 through June 2014. The current year decrease of \$88,663 to the medical claims reserve is included in other expense on the statement of activities.

## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2014

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### **Note L – Leased facilities:**

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The Organization leases a warehouse for Weatherization under an operating lease for \$2,500 per month. The lease terminated on December 31, 2010. The warehouse is currently being leased on a month-to-month basis. Rent expense for the year ended June 30, 2014 was \$30,000.

### **Note M – Concentrations:**

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#### Grants receivable

The Organization receives grants from federal, state and local governmental units to fund its programs. This creates a concentration of credit risk with respect to grant receivables.

#### Cash

All deposits of the Organization with banks are secured as required by G. S. 115C – 444. The deposits are either insured or collateralized by the Pooling Method. Under the Pooling Method, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. As of June 30, 2014, the Organization’s deposits had a carrying amount of \$827,086 and a bank balance of \$789,714. Of the bank balance, \$250,000 was covered by federal depository insurance and \$539,714 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

## Section II

## Community Action Opportunities

Weatherization Assistance Program for Low Income Persons – Contract Number 5689 (DOE)

Schedule of Revenue and Expenses Compared With Budget

Year Ended June 30, 2014

	Budget	Actual	Variance
<b>Revenue:</b>			
Grant revenue:			
Received	\$ 75,305	\$ 36,342	\$ (38,963)
Receivable from funding source	-	38,803	38,803
Total grant revenue	75,305	75,145	(160)
Other revenue:			
Interest income	-	62	62
Miscellaneous	-	219	219
Total other revenue	-	281	281
Total revenue	75,305	75,426	121
<b>Expenses:</b>			
Training and technical assistance:			
Travel	1,000	2,437	(1,437)
Contractual	-	1,250	(1,250)
Career development	4,580	1,963	2,617
Total training and technical assistance	5,580	5,650	(70)
Program operations:			
Transportation	-	150	(150)
Total program operations	-	150	(150)
Administration:			
Indirect costs	69,725	69,626	99
Total administration	69,725	69,626	99
Total expenses	75,305	75,426	(121)
Revenue over (under) expenses	\$ -	\$ -	\$ -



## Community Action Opportunities

Weatherization Assistance Program for Low Income Persons – Contract Number 5689 (LIHEAP)

Schedule of Revenue and Expenses Compared With Budget

Year Ended June 30, 2014

	Budget	Actual	Variance
<b>Revenue:</b>			
Grant revenue:			
Received	\$ 647,396	\$ 646,977	\$ (419)
<b>Total revenue</b>	<b>647,396</b>	<b>646,977</b>	<b>(419)</b>
<b>Expenses:</b>			
Program operations:			
Salaries and wages	256,958	304,960	(48,002)
Fringe benefits	84,392	93,920	(9,528)
Workers' compensation	14,403	10,076	4,327
Contractual	24,000	26,988	(2,988)
Supplies	8,700	8,453	247
Travel	16,500	29,156	(12,656)
Space costs	24,809	21,243	3,566
Other program operations	25,252	30,437	(5,185)
<b>Total program operations</b>	<b>455,014</b>	<b>525,233</b>	<b>(70,219)</b>
Materials	95,995	114,378	(18,383)
Health and safety	94,778	96,458	(1,680)
Administration:			
Indirect costs	1,609	1,190	419
<b>Total administration</b>	<b>1,609</b>	<b>1,190</b>	<b>419</b>
<b>Total expenses</b>	<b>647,396</b>	<b>737,259</b>	<b>(89,863)</b>
Revenue under expenses	-	(90,282)	(90,282)
<b>Transfers:</b>			
Transfer from General Fund	-	90,282	90,282
<b>Total transfers</b>	<b>-</b>	<b>90,282</b>	<b>90,282</b>
Revenue and transfers over (under) expenses	\$ -	\$ -	\$ -

## Community Action Opportunities

Weatherization Assistance Program for Low Income Persons – Contract Number ARRA07WA

Schedule of Revenue and Expenses Compared With Budget

Year Ended June 30, 2014

	Budget	Prior Years	Actual Current Year	Total	Variance
<b>Revenue:</b>					
Grant revenue:					
Received	\$ 6,484,176	\$ 6,040,949	\$ 255,030	\$ 6,295,979	\$ (188,197)
Total grant revenue	6,484,176	6,040,949	255,030	6,295,979	(188,197)
Other revenue:					
Interest income	-	2,447	49	2,496	2,496
Miscellaneous	-	1,099	-	1,099	1,099
Total other revenue	-	3,546	49	3,595	3,595
Total revenue	6,484,176	6,044,495	255,079	6,299,574	(184,602)
<b>Expenses:</b>					
Training and technical assistance:					
Travel	34,600	28,180	-	28,180	6,420
Contractual	4,000	10,500	-	10,500	(6,500)
Professional and career development	77,408	88,522	-	88,522	(11,114)
Consumer education	22,000	13,370	-	13,370	8,630
Other	7,000	4,051	-	4,051	2,949
Total training and technical assistance	145,008	144,623	-	144,623	385
Program operations:					
Salaries and wages	1,771,966	1,702,721	61,163	1,763,884	8,082
Fringe benefits	649,843	570,444	13,407	583,851	65,992
Workers' compensation	117,134	78,277	2,313	80,590	36,544
Contractual	572,515	462,449	72,913	535,362	37,153
Equipment	144,201	144,116	-	144,116	85
Rent	76,801	72,457	1,650	74,107	2,694
Travel	134,700	123,557	2,168	125,725	8,975
Other program operations	289,733	301,582	72,228	373,810	(84,077)
Total program operations	3,756,893	3,455,603	225,842	3,681,445	75,448
Materials	1,199,000	1,098,706	7,847	1,106,553	92,447
Insurance	15,913	15,917	-	15,917	(4)
Health and safety	969,325	961,644	6,283	967,927	1,398
Administration:					
Indirect costs	398,037	367,429	15,107	382,536	15,501
Employment screening	-	573	-	573	(573)
Total administration	398,037	368,002	15,107	383,109	14,928
Total expenses	6,484,176	6,044,495	255,079	6,299,574	184,602
Revenue over (under) expenses	\$ -	\$ -	\$ -	\$ -	\$ -

## Community Action Opportunities

Weatherization Multi-Family Pilot Program (ARRA) – Contract Number 2030MFW

Schedule of Revenue and Expenses Compared With Budget

Year Ended June 30, 2014

	Budget	Actual		Total	Variance
		Prior Years	Current Year		
<b>Revenue:</b>					
Grant revenue:					
Received	\$ 4,084,516	\$ 2,699,916	\$ 973,809	\$ 3,673,725	\$ (410,791)
Total grant revenue	4,084,516	2,699,916	973,809	3,673,725	(410,791)
Other revenue:					
Interest income	-	1,445	163	1,608	1,608
Miscellaneous	-	102,037	190,386	292,423	292,423
Total other revenue	-	103,482	190,549	294,031	294,031
Total revenue	4,084,516	2,803,398	1,164,358	3,967,756	(116,760)
<b>Expenses:</b>					
Training and technical assistance:					
Travel	8,600	3,665	134	3,799	4,801
Professional and career development	12,406	12,260	-	12,260	146
Consumer education	9,000	3,448	-	3,448	5,552
Other	-	145	-	145	(145)
Total training and technical assistance	30,006	19,518	134	19,652	10,354
Program operations:					
Salaries and wages	640,489	555,901	88,028	643,929	(3,440)
Fringe benefits	226,526	200,858	19,258	220,116	6,410
Workers' compensation	8,056	8,118	1,272	9,390	(1,334)
Contractual	1,928,547	1,019,745	539,577	1,559,322	369,225
Equipment	58,000	57,885	-	57,885	115
Rent	12,000	13,650	5,850	19,500	(7,500)
Travel	57,500	76,431	10,093	86,524	(29,024)
Other program operations	89,451	43,246	5,244	48,490	40,961
Total program operations	3,020,569	1,975,834	669,322	2,645,156	375,413
Materials	546,652	448,262	389,483	837,745	(291,093)
Insurance	5,400	5,651	-	5,651	(251)
Health and safety	345,028	231,495	84,088	315,583	29,445
Administration:					
Indirect costs	136,861	122,638	21,331	143,969	(7,108)
Total administration	136,861	122,638	21,331	143,969	(7,108)
Total expenses	4,084,516	2,803,398	1,164,358	3,967,756	116,760
Revenue over (under) expenses	\$ -	\$ -	\$ -	\$ -	\$ -

## Community Action Opportunities

Community Services Block Grant – Grantee Number 28526

Schedule of Revenue and Expenses Compared With Budget

Year Ended June 30, 2014

	Budget	Actual	Variance
<b>Revenue:</b>			
Grant revenue:			
Received	\$ 523,982	\$ 508,522	\$ (15,460)
Receivable from funding source	-	14,311	14,311
Total grant revenue	523,982	522,833	(1,149)
Other revenue:			
Interest	-	15	15
Miscellaneous	-	6,522	6,522
Total other revenue	-	6,537	6,537
Total revenue	523,982	529,370	5,388
<b>Expenses:</b>			
Direct costs:			
Salaries and wages	275,354	278,505	(3,151)
Fringe benefits	87,131	84,716	2,415
Workers' compensation	8,081	6,792	1,289
Supplies & materials	954	984	(30)
Contractual	14,200	13,119	1,081
Travel	14,482	12,285	2,197
Space costs	4,661	7,048	(2,387)
Direct assistance	43,955	44,554	(599)
Other	17,207	17,294	(87)
Total direct costs	466,025	465,297	728
Indirect costs	57,957	64,073	(6,116)
Total expenses	523,982	529,370	(5,388)
Revenue over (under) expenses	\$ -	\$ -	\$ -

## Community Action Opportunities

NC Pre-Kindergarten – Madison

Schedule of Revenue and Expenses Compared With Budget

Year Ended June 30, 2014

	Budget	Actual	Variance
<b>Revenue:</b>			
Program fee revenue:			
Received	\$ 223,032	\$ 209,156	\$ (13,876)
Total program fee revenue	223,032	209,156	(13,876)
Other revenue:			
In-kind	-	11,206	11,206
Total other revenue	-	11,206	11,206
Total revenue	223,032	220,362	(2,670)
<b>Expenses:</b>			
Direct costs:			
Salaries and wages	157,188	195,316	(38,128)
Fringe benefits	75,346	70,221	5,125
Workers' compensation	3,748	3,310	438
Contractual	68,250	68,250	-
Information technology	5,622	5,803	(181)
Other	7,051	9,000	(1,949)
In-kind transportation	-	3,801	(3,801)
In-kind rent	-	7,405	(7,405)
Total direct costs	317,205	363,106	(45,901)
Indirect costs	39,774	46,554	(6,780)
Total expenses	356,979	409,660	(52,681)
Revenue under expenses	(133,947)	(189,298)	(55,351)
<b>Transfers:</b>			
Transfer to Head Start	(223,032)	(209,156)	13,876
Transfer from Head Start	356,979	398,454	41,475
Total transfers	133,947	189,298	55,351
Revenue and transfers over (under) expenses	\$ -	\$ -	\$ -

## Community Action Opportunities

NC Pre-Kindergarten – Buncombe

### Schedule of Revenue and Expenses Compared With Budget

Year Ended June 30, 2014

	Budget	Actual	Variance
<b>Revenue:</b>			
Program fee revenue:			
Received	\$ 543,900	\$ 543,900	\$ -
Total program fee revenue	543,900	543,900	-
Other revenue:			
In-kind	-	69,648	69,648
Total other revenue	-	69,648	69,648
Total revenue	543,900	613,548	69,648
<b>Expenses:</b>			
Direct costs:			
Salaries and wages	728,744	676,389	52,355
Fringe benefits	353,850	244,618	109,232
Workers' compensation	18,281	10,897	7,384
Information technology	26,065	20,095	5,970
Other	32,689	37,063	(4,374)
In-kind rent	-	69,648	(69,648)
Total direct costs	1,159,629	1,058,710	100,919
Indirect costs	169,318	161,372	7,946
Total expenses	1,328,947	1,220,082	108,865
Revenue under expenses	(785,047)	(606,534)	178,513
<b>Transfers:</b>			
Transfer to Head Start	(543,900)	(543,900)	-
Transfer from Head Start	1,328,947	1,150,434	(178,513)
Total transfers	785,047	606,534	(178,513)
Revenue and transfers over (under) expenses	\$ -	\$ -	\$ -

## Community Action Opportunities

Heating Appliance Repair and Replacement Program – Contract Number 5689

Schedule of Revenue and Expenses Compared With Budget

Year Ended June 30, 2014

	Budget	Actual	Variance
<b>Revenue:</b>			
Grant revenue:			
Received	\$ 315,295	\$ 281,841	\$ (33,454)
Receivable from funding source	-	31,825	31,825
<b>Total revenue</b>	<b>315,295</b>	<b>313,666</b>	<b>(1,629)</b>
<b>Expenses:</b>			
Program operations:			
Salaries and wages	26,350	22,537	3,813
Fringe benefits	9,381	7,059	2,322
Workers' compensation	1,652	964	688
Contract labor	59,174	114,695	(55,521)
Other program operations	9,725	8,023	1,702
<b>Total program operations</b>	<b>106,282</b>	<b>153,278</b>	<b>(46,996)</b>
Materials	203,327	155,096	48,231
Administration:			
Indirect costs	5,686	5,292	394
<b>Total expenses</b>	<b>315,295</b>	<b>313,666</b>	<b>1,629</b>
Revenue over (under) expenses	\$ -	\$ -	\$ -

## Community Action Opportunities

Head Start Program – Grant Number 04CH2170/48

Schedule of Revenue and Expenses Compared With Budget

Year Ended June 30, 2014

	Budget	Actual	Variance
<b>Revenue:</b>			
Federal funds:			
Grant received	\$ 4,279,218	\$ 1,843,276	\$ (2,435,942)
Receivable from funding source	-	184,951	184,951
Total grant revenue	4,279,218	2,028,227	(2,250,991)
Child care food program reimbursements:			
Received	375,000	173,521	(201,479)
Total reimbursement	375,000	173,521	(201,479)
Grantee's contribution:			
In-kind: non-cash	1,009,805	340,602	(669,203)
In-kind: cash	60,000	509,572	449,572
Total in-kind	1,069,805	850,174	(219,631)
Miscellaneous	-	15	15
Total revenue	5,724,023	3,051,937	(2,672,086)
<b>Expenses:</b>			
Federal share:			
Head Start training and technical assistance (PA 20):			
Direct costs:			
Travel	4,000	6,344	(2,344)
Professional and career development	44,648	13,729	30,919
	48,648	20,073	28,575



## Community Action Opportunities

Head Start Program – Grant Number 04CH2170/48

Schedule of Revenue and Expenses Compared With Budget – continued

Year Ended June 30, 2014

	Budget	Actual	Variance
<b>Head Start (PA 22):</b>			
Direct costs:			
Salaries and wages	\$ 1,617,206	\$ 837,072	\$ 780,134
Fringe benefits	682,015	312,620	369,395
Workers' compensation	33,715	11,747	21,968
Travel and transportation	60,000	21,159	38,841
Supplies	59,250	20,204	39,046
Contractual	233,575	118,000	115,575
Child care	-	10,419	(10,419)
Other	245,604	124,862	120,742
Child care food program expenses	527,663	260,673	266,990
	3,459,028	1,716,756	1,742,272
Indirect costs	364,871	184,553	180,318
	3,823,899	1,901,309	1,922,590
<b>Grantee's share:</b>			
Head Start full year/part day (PA 22):			
Grantee – salaries	329,109	61,721	267,388
Grantee – other	680,696	278,881	401,815
Total grantee's share	1,009,805	340,602	669,203
Total federal and grantee's share	4,882,352	2,261,984	2,620,368
Revenue over (under) expenses	841,671	789,953	(51,718)
<b>Transfers:</b>			
Transfer to NC Pre-K - Madison	(134,831)	(184,809)	(49,978)
Transfer to NC Pre-K - Buncombe	(669,302)	(605,144)	64,158
Transfer to Developmental Day	(37,538)	-	37,538
Total transfers	(841,671)	(789,953)	51,718
Revenue over (under) expenses and transfers	\$ -	\$ -	\$ -

## Community Action Opportunities

Head Start Program – Grant Number 04CH2170/47

Schedule of Revenue and Expenses Compared With Budget

Year Ended June 30, 2014

	Budget	Actual		Total	Variance
		Prior Year	Current Year		
<b>Revenue:</b>					
Federal funds:					
Grant received	\$ 4,279,218	\$ 2,318,796	\$ 1,960,422	\$ 4,279,218	\$ -
Total grant revenue	4,279,218	2,318,796	1,960,422	4,279,218	-
Child care food program reimbursements:					
Received	370,000	180,626	152,284	332,910	(37,090)
Total reimbursement	370,000	180,626	152,284	332,910	(37,090)
Grantee's contribution:					
In-kind: non-cash	978,643	95,212	668,652	763,864	(214,779)
In-kind: cash	936,849	494,245	453,063	947,308	10,459
Total in-kind	1,915,492	589,457	1,121,715	1,711,172	(204,320)
Miscellaneous	99,910	173	177	350	(99,560)
Total revenue	6,664,620	3,089,052	3,234,598	6,323,650	(340,970)
<b>Expenses:</b>					
Federal share:					
Head Start training and technical assistance (PA 20):					
Direct costs:					
Travel and transportation	-	465	3,290	3,755	(3,755)
Rent	-	375	-	375	(375)
Contractual	-	-	6,935	6,935	(6,935)
Professional and career development	48,648	9,660	25,212	34,872	13,776
Other	-	-	2,711	2,711	(2,711)
	48,648	10,500	38,148	48,648	-
Head Start (PA 22):					
Direct costs:					
Salaries and wages	1,763,949	882,274	802,879	1,685,153	78,796
Fringe benefits	762,003	394,713	211,899	606,612	155,391
Workers' compensation	22,670	16,160	11,247	27,407	(4,737)
Travel & transportation	62,000	30,117	21,056	51,173	10,827
Supplies	60,750	25,105	31,328	56,433	4,317
Contractual	265,435	120,580	109,111	229,691	35,744
Child care	47,187	38,305	8,847	47,152	35
Other	233,764	107,859	108,106	215,965	17,799
Child care food program expenses	544,655	259,246	241,079	500,325	44,330
Total direct costs	3,762,413	1,874,359	1,545,552	3,419,911	342,502
Indirect costs	386,116	211,560	194,243	405,803	(19,687)
	4,148,529	2,085,919	1,739,795	3,825,714	322,815

## Community Action Opportunities

Head Start Program – Grant Number 04CH2170/47

Schedule of Revenue and Expenses Compared With Budget – continued

Year Ended June 30, 2014

	Budget	Actual		Total	Variance
		Prior Year	Current Year		
Grantee's share:					
Head Start full year/ part day (PA 22):					
Grantee - salaries	\$ 334,850	\$ -	\$ 198,465	\$ 198,465	\$ 136,385
Grantee - other	643,793	95,212	470,187	565,399	78,394
Total grantee's share	978,643	95,212	668,652	763,864	214,779
Total federal and grantee's share	5,175,820	2,191,631	2,446,595	4,638,226	537,594
Revenue over (under) expenses	1,488,800	897,421	788,003	1,685,424	196,624
<b>Transfers:</b>					
Transfer to NC Pre-K - Madison	(381,522)	(211,806)	(213,645)	(425,451)	(43,929)
Transfer to NC Pre-K - Buncombe	(995,377)	(633,790)	(545,290)	(1,179,080)	(183,703)
Transfer to Developmental Day	(111,901)	(51,825)	(29,068)	(80,893)	31,008
Total transfers	(1,488,800)	(897,421)	(788,003)	(1,685,424)	(196,624)
Revenue over (under) expenses and transfers	\$ -	\$ -	\$ -	\$ -	\$ -

### **Section III**

**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Community Action Opportunities  
Asheville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Action Opportunities (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Johnson Price Sprinkle PA*

December 29, 2014

**Independent Auditors' Report on Compliance for Each Major Federal Program and on  
Internal Control over Compliance Required by OMB Circular A-133**

To the Board of Directors  
Community Action Opportunities  
Asheville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Community Action Opportunities' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Community Action Opportunities' major federal programs for the year ended June 30, 2014. Community Action Opportunities' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Community Action Opportunities' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action Opportunities' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Action Opportunities' compliance.

### Opinion on Each Major Federal Program

In our opinion, Community Action Opportunities complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### Report on Internal Control over Compliance

Management of Community Action Opportunities is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Action Opportunities' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action Opportunities' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Johnson Price Sprinkle PA*

December 29, 2014



## Community Action Opportunities

### Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2014

	Federal CFDA Number	Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
<b>Federal:</b>					
U.S. Department of Health and Human Services:					
Direct Programs:					
Head Start	93.600	04CH2170/48	\$ 2,028,227	\$ -	\$ 850,174
Head Start	93.600	04CH2170/47	1,960,422	-	1,121,715
			3,988,649	-	1,971,889
Office of Community Services:					
Passed through North Carolina Department of Health and Human Services, Office of Economic Opportunity Community Services Block Grant					
	93.569	28526	522,833	-	-
			522,833	-	-
U. S. Department of Energy					
Passed through North Carolina Department of Environment and Natural Resources					
Division of Energy, Mineral and Land Resources					
Weatherization Assistance Program	81.042	5689	75,145	-	-
ARRA - Weatherization Assistance Program	81.042	ARRA07WA	255,030	-	-
ARRA - Weatherization Assistance Program – Multi-Family Pilot Program	81.042	2030MFW	973,809	-	-
			1,303,984	-	-
U. S. Department of Health and Human Services					
Passed through North Carolina Department of Environment and Natural Resources					
Division of Energy, Mineral and Land Resources					
Heating Appliance Repair and Replacement Program	93.568	5689	313,666	-	-
Low Income Home Energy Assistance Program	93.568	5689	646,977	-	-
			960,643	-	-

## Community Action Opportunities

### Schedule of Expenditures of Federal and State Awards – continued

Year Ended June 30, 2014

	Federal CFDA Number	Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
U.S. Department of Agriculture					
Passed through North Carolina Department of Health and Human Services, Division of Public Health – Women's and Children's Health					
Child Care Food Program	10.558	7222-501	\$ 152,284	\$ -	\$ -
Child Care Food Program	10.558	7222-501	173,521	-	-
			325,805	-	-
<b>Total federal awards</b>			<b>7,101,914</b>	<b>-</b>	<b>1,971,889</b>
<b>State:</b>					
North Carolina Department of Health and Human Services:					
Passed through Buncombe County Partnership for Children					
Sustaining Facility Quality Incentives		2014-11000475	-	47,427	-
			-	47,427	-
<b>Total State awards</b>			<b>-</b>	<b>47,427</b>	<b>-</b>
<b>Total federal and State awards</b>			<b>\$ 7,101,914</b>	<b>\$ 47,427</b>	<b>\$ 1,971,889</b>

#### Notes to the preceding schedule:

Basis of presentation:

The accompanying schedule of expenditures of federal and State awards (the Schedule) includes the federal and State grant activity of Community Action Opportunities under programs of the federal and State government for the year ended June 30, 2014. 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*. Because the Schedule presents only a selected portion of operations of Community Action Opportunities, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Action Opportunities.

Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

## Community Action Opportunities

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

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### I. Summary of Auditors' Results

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- A. The auditors' report expresses an unmodified opinion on the financial statements of Community Action Opportunities.
- B. No significant deficiencies were disclosed during the audit of the financial statements.
- C. No instances of noncompliance material to the financial statements of Community Action Opportunities, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- D. No significant deficiencies in internal control over major federal award programs were disclosed in the internal control over compliance report.
- E. The auditors' report on compliance for the major federal award programs for Community Action Opportunities expresses an unmodified opinion on all major federal programs.
- F. The audit disclosed no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. Major federal programs for Community Action Opportunities for the fiscal year ended June 30, 2014 are:

<u>Program Name</u>	<u>CFDA#</u>
Low Income Home Energy Assistance Program	93.568
Weatherization Assistance Program	81.042

- H. The threshold for distinguishing between Type A and B programs was \$300,000.
- I. Community Action Opportunities qualifies as a low risk auditee under Section .530 of Circular A-133.

## **Community Action Opportunities**

Schedule of Findings and Questioned Costs – continued

Year Ended June 30, 2014

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### **II. Findings related to the audit of the financial statements.**

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There were no findings related to the financial statements of the Organization.

### **III. Findings and questioned costs related to the audit of major federal awards.**

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There were no findings or questioned costs related to the audit of major federal awards.