

**Community Action Opportunities**

Asheville, North Carolina

Financial Statements  
and Supplementary Information

Year Ended June 30, 2017

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, 2017, 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, 2017, 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 18-25 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 28, 2017, 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 28, 2017

## Community Action Opportunities

### Statement of Financial Position

June 30, 2017

#### Assets

##### **Currents assets:**

Cash	\$	1,063,334
Receivables		434,088
Prepaid expenses		26,598

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Total current assets		1,524,020
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<b>Property and equipment</b>		4,189,950
Less accumulated depreciation		(3,663,715)

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Net property and equipment		526,235
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<b>Total assets</b>	\$	2,050,255
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#### Liabilities and Net Assets

##### **Current liabilities:**

Accounts payable and accrued expenses	\$	516,816
Note payable - current portion		54,754

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Total current liabilities		571,570
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<b>Note payable</b>		132,417
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Total liabilities		703,987
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##### **Net assets:**

###### Unrestricted:

Investment in property and equipment		340,241
Designated for self-insurance		1,123,395
Designated for AR4CA		12,135
Undesignated (deficit)		(541,622)

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Total unrestricted net assets		934,149
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###### Temporarily restricted:

Investment in property and equipment		185,994
Unexpended grant balance		224,714
Donor restricted assets		1,411

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Total temporarily restricted net assets		412,119
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Total net assets		1,346,268
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<b>Total liabilities and net assets</b>	\$	2,050,255
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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, 2017

	Unrestricted	Temporarily Restricted	Total
<b>Revenues, grants and other support:</b>			
Federal grants	\$ -	\$ 4,746,976	\$ 4,746,976
Federal grants passed through State agency	-	2,397,632	2,397,632
State grants	-	51,648	51,648
Local grants	-	114,467	114,467
Program fees	1,302,562	-	1,302,562
Interest income	271	-	271
Gain on sale of property and equipment	300	-	300
Other	1,316	327,096	328,412
In-kind contributions:			
Non-cash	-	957,043	957,043
Net assets released from restrictions	8,531,181	(8,531,181)	-
<b>Total revenues, grants and other support</b>	<b>\$ 9,835,630</b>	<b>\$ 63,681</b>	<b>\$ 9,899,311</b>

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



## Community Action Opportunities

Statement of Activities - continued

Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
<b>Expenses:</b>			
Direct program expenses:			
Salaries and wages	\$ 3,853,887	\$ -	\$ 3,853,887
Salaries and wages, in-kind	224,943	-	224,943
Fringe benefits	1,398,843	-	1,398,843
Workers' compensation	100,824	-	100,824
Travel	80,122	-	80,122
Supplies	591,917	-	591,917
Space cost	164,328	-	164,328
Communications	80,736	-	80,736
Contractual	1,073,592	-	1,073,592
Direct assistance	77,668	-	77,668
Depreciation	135,560	-	135,560
Other in-kind	732,100	-	732,100
Other	358,071	-	358,071
	8,872,591	-	8,872,591
Indirect costs	859,460	-	859,460
Total expenses	9,732,051	-	9,732,051
<b>Change in net assets</b>	103,579	63,681	167,260
<b>Net assets, beginning of year</b>	830,570	348,438	1,179,008
<b>Net assets, end of year</b>	\$ 934,149	\$ 412,119	\$ 1,346,268

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

## Community Action Opportunities

### Statement of Functional Expenses

Year Ended June 30, 2017

	Program Services				Supporting Services	Total
	Economic Development	Children, Family and Community Partnerships	Accountable Results for Community Action	Total Program Services	Management and General	
Salaries and wages	\$ 721,888	\$ 3,019,442	\$ 112,557	\$ 3,853,887	\$ 547,946	\$ 4,401,833
Salaries and wages, in-kind	-	224,943	-	224,943	-	224,943
Fringe benefits	197,742	1,169,536	31,565	1,398,843	151,070	1,549,913
Workers' compensation	49,177	51,290	357	100,824	2,592	103,416
Travel	38,100	39,723	2,299	80,122	3,721	83,843
Supplies	503,079	88,239	599	591,917	3,015	594,932
Space cost	31,121	128,841	4,366	164,328	35,174	199,502
Communications	19,842	58,601	2,293	80,736	3,780	84,516
Contractual	420,668	652,346	578	1,073,592	9,000	1,082,592
Direct assistance	75,054	2,614	-	77,668	-	77,668
Depreciation	50,550	85,010	-	135,560	803	136,363
Other in-kind	-	732,100	-	732,100	-	732,100
Other	55,126	292,141	10,804	358,071	102,359	460,430
	<u>\$ 2,162,347</u>	<u>\$ 6,544,826</u>	<u>\$ 165,418</u>	<u>\$ 8,872,591</u>	<u>\$ 859,460</u>	<u>\$ 9,732,051</u>

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

## Community Action Opportunities

### Statement of Cash Flows

Year Ended June 30, 2017

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**Cash flows from operating activities:**

Change in net assets	\$	167,260
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		136,363
Gain on sale of property and equipment		(300)
(Increase) decrease in assets:		
Receivables		417,432
Prepaid expenses		2,908
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses		(100,751)
Refundable advance		(44,937)

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Net cash provided by operating activities	577,975
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**Cash flows from investing activities:**

Proceeds from sale of property & equipment	300
Purchases of property and equipment	(11,000)

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Net cash used by investing activities	(10,700)
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**Cash flows from financing activities:**

Payments on long-term debt	(50,943)
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Net cash used by financing activities	(50,943)
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<b>Net increase in cash</b>	516,332
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<b>Cash, beginning of year</b>	547,002
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<b>Cash, end of year</b>	\$ 1,063,334
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**Supplemental disclosure of cash flow information:**

Cash paid for interest	\$ 13,338
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The accompanying notes are an integral part of these financial statements.

## Community Action Opportunities

Notes to Financial Statements

June 30, 2017

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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 Assistance Program, Community Services Block Grant, Heating Appliance Repair and Replacement Program, Head Start and Child Care Food Program. 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 net 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 stipulation. As of June 30, 2017, there are no permanently restricted net assets.

## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2017

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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. As of June 30, 2017, 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. Items of property and equipment with an original cost or fair value of \$500 or greater are capitalized. 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

## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2017

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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, 2017, 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, 2017

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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 2016. Currently, the statute of limitations remains open subsequent to and including tax year 2013; 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 and 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 and 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 28, 2017 the date the financial statements were available to be issued.

## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2017

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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, 2017 are as follows:

Vision insurance	\$	1,051
Social security		337,363
Retirement benefits		223,004
Employee assistance programs		1,921
Health insurance		907,160
Dental insurance		2,302
Unemployment insurance		13,311
Life insurance		12,000
Long-term care insurance		27,815
Disability		23,346
Wellness plan		640
		<hr/>
		1,549,913
Included in indirect costs (see Note D)		151,070
		<hr/>
	\$	1,398,843

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### 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 14.73% of direct salaries and fringe benefits was approved April 13, 2017. However, the actual calculated rate of 16.05% of direct salaries and fringe benefits was used to charge the individual grants unless otherwise restricted by the grantor.



## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2017

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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, 2017 are as follows:

Salaries and wages	\$	547,946
Employer's share of fringe benefits		151,070
Workers' compensation		2,592
Travel		3,721
Supplies		3,015
Professional and career development		7,951
Space cost		35,174
Communications		3,780
Depreciation		803
Contractual		9,000
Professional services		31,730
Membership dues and subscriptions		4,227
Liability insurance		34,758
Board expense		3,394
Service charges		2,409
Information system service		15,962
Other		1,928
	\$	859,460
		(A)
Direct personnel costs	\$	5,353,554
		(B)
(A) ÷ (B) =	\$	$\frac{859,460}{5,353,554} = 16.05\%$ 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, 2017, the Organization's matching contribution totaled \$223,004. (See Note C).

## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2017

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### Note F – Receivables:

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Receivables as of June 30, 2017 consist of the following:

Grants	\$	415,907
Sales tax		18,181
	\$	434,088

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### Note G – Property and equipment:

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Property and equipment as of June 30, 2017 consist of the following:

	Grantor	Agency	Total
Automotive equipment	\$ 562,379	\$ -	\$ 562,379
Office equipment and furniture	432,941	342,491	775,432
Land	-	134,000	134,000
Buildings and improvements	1,477,317	1,240,822	2,718,139
	2,472,637	1,717,313	4,189,950
Less: accumulated depreciation	(2,286,643)	(1,377,072)	(3,663,715)
	\$ 185,994	\$ 340,241	\$ 526,235

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Assets purchased with program funds are represented in the grantor column. Grantor assets in the amount of \$185,994 have reversionary titles which remain with the individual grantor.

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

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Accounts payable and accrued expenses as of June 30, 2017 consist of the following:

Trade payables	\$	183,726
Accrued salaries		60,222
Accrued leave		113,550
Medical claims liability		118,705
Other		40,613
	\$	516,816

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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, 2017

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### Note I – Note payable:

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Note payable consists of the following as of June 30, 2017:

Note payable on program service building due in monthly installments of \$4,563 in principal, plus interest 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 \$340,241.

\$ 187,171

Less current installments

54,754

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\$ 132,417

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Maturities of note payable are as follows:

Fiscal year ending June 30:

2018	\$ 54,754
2019	54,754
2020	54,754
2021	22,909
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	\$ 187,171

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### Note J – Net assets:

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As of June 30, 2017, temporarily restricted net assets consist of the following:

Investment in property and equipment \$ 185,994

Unexpended grant balance:

Quality Enhancement 224,714

Donor restricted assets:

Area classroom donations 1,411

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Total temporarily restricted net assets \$ 412,119

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Unrestricted net assets in the amount of \$1,123,395 have been designated by management for health care benefits under the self-funded health care plan. Unrestricted net assets in the amount of \$12,135 have been designated by management for Accountable Results for Community Action.

## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2017

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### **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 as of June 30, 2017 consists of incurred but not reported (IBNR) actual claims, incurred prior to June 30, 2017 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 as of June 30, 2017.

The Organization funds the self-insurance program through premiums charged to grants at an actuarially determined rate. The current year decrease of \$67,925 to the medical claims reserve is included in other income on the statement of activities.

## Community Action Opportunities

Notes to Financial Statements – continued

June 30, 2017

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### **Note L – Leased facilities:**

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The Organization leases a warehouse for Weatherization under a month-to-month operating lease for \$2,500 per month. Rent expense for the year ended June 30, 2017 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 grants receivable.

#### 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, 2017, the Organization’s deposits had a carrying amount of \$1,063,334 and a bank balance of \$1,088,183. Of the bank balance, \$250,000 was covered by federal depository insurance and \$838,183 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 6513 (DOE)

Schedule of Revenue and Expenses Compared With Budget (Non-GAAP)

Year Ended June 30, 2017

	Budget	Actual	Variance
<b>Revenue:</b>			
Grant revenue:			
Received	\$ 264,353	\$ 208,679	\$ (55,674)
Receivable from funding source	-	54,955	54,955
Total grant revenue	264,353	263,634	(719)
Other revenue:			
Program support	-	4,536	4,536
Total other revenue	-	4,536	4,536
Total revenue	264,353	268,170	3,817
<b>Expenses:</b>			
Training and technical assistance:			
Salaries and wages	3,380	2,380	1,000
Travel	19,265	19,799	(534)
Career development	25,993	23,974	2,019
Other	3,578	4,666	(1,088)
Total training and technical assistance	52,216	50,819	1,397
Health and safety	21,634	21,418	216
Program operations:			
Salaries and wages	86,250	80,845	5,405
Fringe benefits	21,294	22,212	(918)
Workers' compensation	7,666	6,292	1,374
Materials	30,113	32,180	(2,067)
Contractual	14,409	18,112	(3,703)
Transportation	4,885	5,411	(526)
Rent	3,000	3,700	(700)
Other	9,773	9,175	598
Total program operations	177,390	177,927	(537)
Administration:			
Indirect costs	13,113	18,006	(4,893)
Total administration	13,113	18,006	(4,893)
Total expenses	264,353	268,170	(3,817)
Revenue over (under) expenses	\$ -	\$ -	\$ -

## Community Action Opportunities

Weatherization Assistance Program for Low Income Persons – Contract Number 6513 (LIHEAP)

Schedule of Revenue and Expenses Compared With Budget (Non-GAAP)

Year Ended June 30, 2017

	Budget	Actual	Variance
<b>Revenue:</b>			
Grant revenue:			
Received	\$ 698,531	\$ 680,358	\$ (18,173)
	698,531	680,358	(18,173)
Other revenue:			
Interest	-	2	2
Miscellaneous	-	27,247	27,247
Total other revenue	-	27,249	27,249
Total revenue	698,531	707,607	9,076
<b>Expenses:</b>			
Program operations:			
Salaries and wages	274,606	267,829	6,777
Fringe benefits	79,994	71,880	8,114
Workers' compensation	29,216	29,707	(491)
Contractual	40,000	39,599	401
Supplies	83,332	79,783	3,549
Travel	19,642	20,449	(807)
Space costs	26,578	27,190	(612)
Other program operations	24,334	22,213	2,121
Total program operations	577,702	558,650	19,052
Health and safety	94,844	90,519	4,325
Administration:			
Indirect costs	25,985	58,438	(32,453)
Total administration	25,985	58,438	(32,453)
Total expenses	698,531	707,607	(9,076)
Revenue over (under) expenses	\$ -	\$ -	\$ -



## Community Action Opportunities

Community Services Block Grant – Grantee Number 32183

Schedule of Revenue and Expenses Compared With Budget (Non-GAAP)

Year Ended June 30, 2017

	Budget	Actual	Variance
<b>Revenue:</b>			
Grant revenue:			
Received	\$ 639,268	\$ 531,703	\$ (107,565)
Receivable from funding source	-	69,381	69,381
Total grant revenue	639,268	601,084	(38,184)
Other revenue:			
Miscellaneous	-	30	30
Total other revenue	-	30	30
Total revenue	639,268	601,114	(38,154)
<b>Expenses:</b>			
Direct costs:			
Salaries and wages	307,153	312,043	(4,890)
Fringe benefits	108,989	87,102	21,887
Workers' compensation	-	8,544	(8,544)
Supplies and materials	300	214	86
Contractual	2,552	2,552	-
Travel	15,160	15,128	32
Space costs	10,400	10,806	(406)
Direct assistance	98,874	74,478	24,396
Other	28,342	24,640	3,702
Total direct costs	571,770	535,507	36,263
Indirect costs	67,498	65,607	1,891
Total expenses	639,268	601,114	38,154
Revenue over (under) expenses	\$ -	\$ -	\$ -

## Community Action Opportunities

Heating Appliance Repair and Replacement Program – Contract Number 6513

Schedule of Revenue and Expenses Compared With Budget (Non-GAAP)

Year Ended June 30, 2017

	Budget	Actual	Variance
<b>Revenue:</b>			
Grant revenue:			
Received	\$ 498,480	\$ 487,302	\$ (11,178)
Total revenue	498,480	487,302	(11,178)
Other revenue:			
Program support	-	4,204	4,204
Total other revenue	-	4,204	4,204
Total revenue	498,480	491,506	(6,974)
<b>Expenses:</b>			
Program operations:			
Salaries and wages	51,852	57,435	(5,583)
Fringe benefits	14,726	16,373	(1,647)
Workers' compensation	4,563	4,038	525
Contract labor	192,958	190,138	2,820
Other program operations	12,558	14,393	(1,835)
Total program operations	276,657	282,377	(5,720)
Materials	199,562	195,404	4,158
Administration:			
Indirect costs	22,261	13,725	8,536
Total expenses	498,480	491,506	6,974
Revenue over (under) expenses	\$ -	\$ -	\$ -

## Community Action Opportunities

Head Start Program – Grant Number 04CH4780/03 (2017)

Schedule of Revenue and Expenses Compared With Budget (Non-GAAP)

Year Ended June 30, 2017

	Budget	Actual	Variance
<b>Revenue:</b>			
Federal funds:			
Grant received	\$ 4,654,061	\$ 2,296,424	\$ (2,357,637)
Receivable from funding source	-	218,982	218,982
Total grant revenue	4,654,061	2,515,406	(2,138,655)
Child care food program reimbursements:			
Received	340,000	234,080	(105,920)
Total reimbursement	340,000	234,080	(105,920)
Grantee's contribution:			
In-kind: non-cash	1,044,515	366,050	(678,465)
In-kind: cash	119,000	503,333	384,333
Total in-kind	1,163,515	869,383	(294,132)
Miscellaneous	-	15	15
Total revenue	6,157,576	3,618,884	(2,538,692)
<b>Expenses:</b>			
Federal share:			
Head Start training and technical assistance (PA 20):			
Direct costs:			
Travel	4,648	9,116	(4,468)
Professional and career development	40,000	21,397	18,603
Other	4,000	954	3,046
	48,648	31,467	17,181

## Community Action Opportunities

Head Start Program – Grant Number 04CH4780/03 (2017)

Schedule of Revenue and Expenses Compared With Budget (Non-GAAP) – continued

Year Ended June 30, 2017

	Budget	Actual	Variance
<b>Head Start (PA 22):</b>			
Direct costs:			
Salaries and wages	\$ 1,639,587	\$ 1,018,070	\$ 621,517
Fringe benefits	685,900	362,174	323,726
Workers' compensation	40,035	15,812	24,223
Travel and transportation	50,150	20,037	30,113
Supplies	65,666	22,607	43,059
Contractual	280,178	153,368	126,810
Other	236,658	129,358	107,300
Child care food program expenses	495,217	304,797	190,420
	3,493,391	2,026,223	1,467,168
Indirect costs	385,471	224,788	160,683
	3,878,862	2,251,011	1,627,851
<b>Grantee's share:</b>			
Head Start full year/part day (PA 22):			
Grantee – salaries	241,162	-	241,162
Grantee – other	803,353	366,050	437,303
Total grantee's share	1,044,515	366,050	678,465
Total federal and grantee's share	4,972,025	2,648,528	2,323,497
Revenue over (under) expenses	1,185,551	970,356	(215,195)
<b>Transfers:</b>			
Transfer to NC Pre-K - Madison	(162,119)	(173,241)	(11,122)
Transfer to NC Pre-K - Buncombe	(1,016,235)	(693,294)	322,941
Transfer to Developmental Day	(7,197)	(103,821)	(96,624)
Total transfers	(1,185,551)	(970,356)	215,195
Revenue over (under) expenses and transfers	\$ -	\$ -	\$ -

## Community Action Opportunities

Head Start Program – Grant Number 04CH4780/02 (2016)

Schedule of Revenue and Expenses Compared With Budget (Non-GAAP)

Year Ended June 30, 2017

	Budget	Actual		Total	Variance
		Prior Year	Current Year		
<b>Revenue:</b>					
Federal funds:					
Grant received	\$ 4,654,061	\$ 2,422,491	\$ 2,231,570	\$ 4,654,061	\$ -
Total grant revenue	4,654,061	2,422,491	2,231,570	4,654,061	-
Child care food program reimbursements:					
Received	337,000	180,019	131,174	311,193	(25,807)
Total reimbursement	337,000	180,019	131,174	311,193	(25,807)
Grantee's contribution:					
In-kind: non-cash	1,103,516	366,050	549,075	915,125	(188,391)
In-kind: cash	1,037,684	522,330	581,989	1,104,319	66,635
Total in-kind	2,141,200	888,380	1,131,064	2,019,444	(121,756)
Miscellaneous	670	15	620	635	(35)
Total revenue	7,132,931	3,490,905	3,494,428	6,985,333	(147,598)
<b>Expenses:</b>					
Federal share:					
Head Start training and technical assistance (PA 20):					
Direct costs:					
Travel and transportation	4,000	5,401	1,861	7,262	(3,262)
Professional and career development	44,648	15,519	19,432	34,951	9,697
	48,648	20,920	21,293	42,213	6,435
Head Start (PA 22):					
Direct costs:					
Salaries and wages	1,925,551	957,885	945,138	1,903,023	22,528
Fringe benefits	680,000	389,829	328,154	717,983	(37,983)
Workers' compensation	33,385	16,133	15,602	31,735	1,650
Travel and transportation	51,500	24,807	22,680	47,487	4,013
Supplies	73,700	35,273	36,219	71,492	2,208
Contractual	308,098	159,431	148,999	308,430	(332)
Other	268,351	158,486	119,328	277,814	(9,463)
Child care food program expenses	504,256	277,340	251,492	528,832	(24,576)
Total direct costs	3,844,841	2,019,184	1,867,612	3,886,796	(41,955)
Indirect costs	390,000	183,046	206,020	389,066	934
	4,234,841	2,202,230	2,073,632	4,275,862	(41,021)

**Community Action Opportunities**

Head Start Program – Grant Number 04CH4780/02 (2016)

Schedule of Revenue and Expenses Compared With Budget (Non-GAAP) – continued

Year Ended June 30, 2017

	Budget	Prior Year	Actual Current Year	Total	Variance
<b>Grantee's share:</b>					
Head Start full year/ part day (PA 22):					
Grantee - salaries	\$ 402,462	\$ -	\$ -	\$ -	\$ 402,462
Grantee - other	701,054	366,050	549,075	915,125	(214,071)
<b>Total grantee's share</b>	<b>1,103,516</b>	<b>366,050</b>	<b>549,075</b>	<b>915,125</b>	<b>188,391</b>
<b>Total federal and grantee's share</b>	<b>5,387,005</b>	<b>2,589,200</b>	<b>2,644,000</b>	<b>5,233,200</b>	<b>153,805</b>
<b>Revenue over expenses</b>	<b>1,745,926</b>	<b>901,705</b>	<b>850,428</b>	<b>1,752,133</b>	<b>6,207</b>
<b>Transfers:</b>					
Transfer to NC Pre-K - Madison	(350,000)	(163,287)	(165,222)	(328,509)	21,491
Transfer to NC Pre-K - Buncombe	(1,250,000)	(660,378)	(600,862)	(1,261,240)	(11,240)
Transfer to Developmental Day	(145,926)	(78,040)	(84,344)	(162,384)	(16,458)
<b>Total transfers</b>	<b>(1,745,926)</b>	<b>(901,705)</b>	<b>(850,428)</b>	<b>(1,752,133)</b>	<b>(6,207)</b>
<b>Revenue over (under) expenses and transfers</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### **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, 2017, 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 28, 2017.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2017-001, that we consider to be a significant deficiency.

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**Johnson Price Sprinkle PA**



### 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*.

### Community Action Opportunities' Response to Findings

Community Action Opportunities' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Action Opportunities' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 28, 2017



## Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

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 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, 2017. Community Action Opportunities' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

### 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 the Uniform Guidance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-002 to be a significant deficiency.

Community Action Opportunities' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Action Opportunities' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Johnson Price Sprinkle PA*

December 28, 2017

**Community Action Opportunities**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

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**Section I. Summary of Auditors' Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                    \_\_\_\_\_    yes      X      no
- Significant deficiency(s) identified?                  X      yes    \_\_\_\_\_    none reported

Noncompliance material to financial statements noted?                    \_\_\_\_\_    yes      X      no

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?                    \_\_\_\_\_    yes      X      no
- Significant deficiency(s) identified that are not considered to be material weaknesses?                  X      yes    \_\_\_\_\_    none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?                    \_\_\_\_\_    yes      X      no

**Community Action Opportunities**

Schedule of Findings and Questioned Costs – continued

Year Ended June 30, 2017

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**Identification of major federal programs:**

CFDA #	Name of Federal Program or Cluster
10.558	Child Care Food Program
93.600	Head Start

Dollar threshold to distinguish  
between Type A and Type B Programs \$750,000

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Auditee qualified as low-risk auditee?                      X      yes                              no

## **Community Action Opportunities**

Schedule of Findings and Questioned Costs – continued

Year Ended June 30, 2017

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### **Section II. Financial Statement Findings**

#### **Significant Deficiency**

##### **Finding: 2017-001: Monitoring**

Condition: Management did not consistently apply the monitoring or approval function.

Criteria: An effective system of internal controls provides for an adequate approval process when processing transactions.

Cause: Procedures are in place to ensure that journal entries prepared by the Accountant or Finance/HR Specialist are approved by the Finance Director, however the approval was not obtained.

Effect: Certain transactions may be processed and recorded without appropriate final approval. For the year ended June 30, 2017, journal entry testing disclosed 1 (out of 25) instance in which the required approval was not obtained.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2016-001.

Recommendation: Fiscal department should be reminded of the procedures in place to ensure that transaction approval is obtained.

Views of responsible officials and planned corrective action: Community Action Opportunities, Inc. agrees with the finding and recommended procedures have been implemented.

## Community Action Opportunities

Schedule of Findings and Questioned Costs – continued

Year Ended June 30, 2017

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### Section III. Federal Award Findings and Questioned Costs

#### U.S. Department of Health and Human Services

Program Name: Head Start

CFDA # 93.600

#### 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

Program Name: Child Care Food Program

CFDA # 10.558

#### Significant Deficiency

##### Finding: 2017-002: Monitoring

Condition: Program directors did not consistently apply the monitoring or approval function.

Criteria: An effective system of internal controls provides for an adequate approval process when processing transactions.

Questioned cost: \$0

Cause: Procedures are in place to ensure that invoice approval is obtained and documented, but such procedures were not followed.

Effect: Certain transactions may be processed and recorded without appropriate final approval.

Context: For the year ended June 30, 2017, disbursements testing resulted in 1 (out of 25) instance for Head Start and 1 (out of 25) instance for Child Care Food Program in which the required purchase requisition and approval were missing.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2016-002.

Recommendation: Program directors should be reminded of the procedures in place to ensure that transaction approval is obtained.

Views of responsible officials and planned corrective action: Community Action Opportunities, Inc. agrees with the finding and recommended procedures have been implemented.



## **Community Action Opportunities**

Corrective Action Plan

Year Ended June 30, 2017

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### **Section II. Financial Statement Findings**

Finding 2017-001: Monitoring

*Name of contact person:* Darren Waugh, Finance Director

*Corrective Action:* Fiscal staff members have been formally reminded that all adjusting journal entries require approval, in accordance with the internal control policies and procedures of Community Action Opportunities, Inc.

*Proposed Completion Date:* Immediately.

### **Section III. Federal Award Findings and Questioned Costs**

Finding 2017-002: Monitoring

*Name of contact person:* Darren Waugh, Finance Director

*Corrective Action:* Program directors have been formally reminded that invoices requiring a director's approval for payment in accordance with the internal control policies and procedures of Community Action Opportunities, Inc. must have that approval prior to the payment of the invoice.

*Proposed Completion Date:* Immediately.

## **Community Action Opportunities**

### Summary Schedule of Prior Year Audit Findings

Year Ended June 30, 2017

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Finding: 2016-001: Monitoring

Status: Procedures were reviewed with program directors to ensure transaction approval is obtained. Finding is repeated in 2017.

Finding: 2016-002: Monitoring, Allowable Activities and Allowable Costs/Cost Principles

Status: Procedures were reviewed with program directors to ensure transaction approval is obtained. Monitoring finding is repeated in 2017.

## Community Action Opportunities

### Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2017

	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 (2017)	93.600	04CH4780/03	\$ 2,515,406	\$ -	\$ 869,383
Head Start (2016)	93.600	04CH4780/02	2,231,570	-	1,131,064
			4,746,976	-	2,000,447
Office of Community Services:					
Passed through North Carolina Department of Health and Human Services, Division of Social Services/Economic and Family Services, Office of Economic Opportunity					
Community Services Block Grant	93.569	32183	601,084	-	-
			601,084	-	-
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	6513	263,634	-	-
			263,634	-	-
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	6513	487,302	-	-
Low Income Home Energy Assistance Program	93.568	6513	680,358	-	-
			1,167,660	-	-

**Community Action Opportunities**

Schedule of Expenditures of Federal and State Awards – continued

Year Ended June 30, 2017

	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	\$ 234,080	\$ -	\$ -
Child Care Food Program	10.558	7222-501	131,174	-	-
			365,254	-	-
Total federal awards			7,144,608	-	2,000,447
<b>State:</b>					
North Carolina Department of Health and Human Services:					
Passed through Buncombe County Partnership for Children					
Sustaining Facility Quality Incentives		2017-11000475	-	51,648	-
			-	51,648	-
Total State awards			-	51,648	-
Total federal and State awards			\$ 7,144,608	\$ 51,648	\$ 2,000,447

**Notes to the preceding schedule:**

**Note A - Basis of Presentation:**

The accompanying schedule of expenditures of federal and State awards (SEFA) includes the federal and State grant activity of Community Action Opportunities under programs of the federal and State governments for the year ended June 30, 2017. The information in this SEFA is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

**Note B - Summary of Significant Accounting Policies**

Expenditures reported in the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Community Action Opportunities has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.