

Capital Area Community Action Agency, Inc.

Audited Financial Statements &

Carr, Riggs & Ingram, LLC

Michael Carter, CPA – Partner

Carr Riggs & Ingram, LLC

Capital Area Community Action Agency Statements of Financial Position

September 30,	2016	(As restated) 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 401,228	\$ 600,083
Grants receivable	402,911	374,639
Prepaid expenses	35,369	-
Other assets	341	-
Total current assets	839,849	974,722
Property and equipment - net	227,308	249,775
Total assets	\$ 1,067,157	\$ 1,224,497
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 55,311	\$ 237,041
Accrued expenses	95,017	68,034
Deferred revenue	402,879	375,952
Due to Grantor	-	4,272
Total current liabilities	553,207	685,299
Non-current liabilities		
Micro-enterprise loan	22,993	22,993
Note payable - DEO	138,473	138,473
Total non-current liabilities	161,466	161,466
Total liabilities	714,673	846,765
Net assets - unrestricted	352,484	377,732
Total liabilities and net assets	\$ 1,067,157	\$ 1,224,497

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Capital Area Community Action Agency Statements of Activities

Years ended September 30,	2016	2015
	(As restated)	
Unrestricted Net Assets		
Revenues, Gains and Other Support	\$ 6,965,084	\$ 7,211,432
Grant revenue	486,801	643,683
In-kind contributions	25,887	39,897
Donations	7,933	60,786
Special events	15,412	28,511
Other income		
Total revenues, gains and other support	7,501,117	7,984,309
Expenses		
Program services:		
Head Start	3,426,154	3,784,667
Low Income Home Energy Assistance	1,849,219	1,942,682
Weatherization	498,328	505,329
Community Services Block Grant	492,655	614,839
USDA	273,244	261,729
VPK	205,252	200,225
Other	151,062	75,852
Total program services	6,895,914	7,385,323
Supporting services:		
General and administrative	622,881	571,683
Fundraising	7,570	39,407
Total supporting services	630,451	611,090
Total expenses	7,526,365	7,996,413
Change in unrestricted net assets	(25,248)	(12,104)
Net assets, beginning of year, as originally reported	377,732	370,730
Prior period adjustment	-	19,106
Net assets, beginning of year, as restated	377,732	389,836
Net assets, end of year	\$ 352,484	\$ 377,732

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Capital Area Community Action Agency Key Financial Ratios

Current ratio = current assets / current liabilities	2016	2015
	1.52	1.42

Ability of the Agency to meet its obligations for the next year

Program efficiency = program expenses / total expenses 0.92 0.92

Indicator of the Agency's efficiency in administering its programs

Capital Area Community Action Agency
Significant Notes to Financial Statements

NOTE 13 – PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for 2015 have been restated to correct an error in expenses and accrued liabilities made in 2014 and 2015. The effect of the restatement was to increase change in net assets for 2015 by \$35,667. Net assets at the beginning of 2015 have been adjusted for the effects of the restatement on prior years which totaled \$19,106.

NOTE 14 – SUBSEQUENT EVENT

Subsequent to September 30, 2016, the Agency submitted an offer to purchase the administrative headquarters building. As of the date of the independent auditors' report, a binding sales agreement has not been executed.

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Capital Area Community Action Agency Schedule of Findings and Questioned Costs

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the Capital Area Community Action Agency, Inc. (the "Agency") were prepared in accordance with GAAP.
2. One material weakness disclosed during the audit of the financial statements is reported in the *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 the Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Agency, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are disclosed in the *Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance*.
5. The auditors' report on compliance for the major federal award programs of the Agency expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The federal programs tested as major programs include:

<u>Program</u>	<u>CFDA#</u>
Head Start	93.600
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Capital Area Community Action Agency, Inc. did not qualify as a low-risk auditee.

Capital Area Community Action Agency
Schedule of Findings and Questioned Costs

SUMMARY OF AUDIT RESULTS (Continued)

FINDINGS – FINANCIAL STATEMENTS AUDIT

Financial statement preparation (2016-1 - Repeat Finding)

Condition: Annual financial statements with all note disclosures were not prepared by management and required certain adjustments to be in accordance with generally accepted accounting principles (U.S. GAAP).

Criteria: Preparation of financial statements and related notes in accordance with U.S. GAAP.

Cause: Management's lack of review of yearend accruals and adjustments and proper annual closeout procedures.

Effect: Annual financial statements provided by management were not prepared in accordance with U.S. GAAP and required certain adjustments.

Recommendation: Improvement and documentation of annual closeout procedures to promote the identification of potential bookkeeping errors associated with yearend accruals and other adjustments.

Views of Responsible Officials and Planned Corrective Actions: Capital Area Community Action Agency, Inc., agrees with the finding and developed a yearend close out schedule to reduce the number of proposed journal entries during the audit.

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL PROGRAMS

None.

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Capital Area Community Action Agency Internal Control Recommendations

ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2015-1	MW	All	During the audit, we proposed certain journal entries to adjust the Agency's financial statements in accordance with generally accepted accounting principles. In addition, management relies on us to prepare the annual financial statements and related notes.	Review adjustments prepared in current year's audit and consider them in future yearend financial closeouts. Develop an annual close out schedule to facilitate the identification of potential bookkeeping errors. Continue to consult with certified public accountants for preparation of financial statements.	Management developed a yearend closeout schedule; however, management believes this policy of preparing the annual financial statements is the most cost-effective approach to prepare them in accordance with generally accepted accounting principles.
2016-1	IP	All	During the audit, we noted a disbursement in excess of \$1,500 was not signed by a board member.	As it is the Agency's policy to obtain two signatures including a board member for all disbursements greater than \$1,500, we recommend that management adhere to this policy.	Management recognizes the importance of dual signatures, and considers the instance to be an isolated incident.

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Capital Area Community Action Agency Internal Control Recommendations

ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2015-3	IP	Cash Receipts	Prior Year: During our audit, we noted a receipt log was being maintained by the front receptionist who opens the mail. However, after the checks are delivered to the fiscal department, there is no reconciliation back to the original receipt log to ensure all checks received were deposited.	Prior Year: We recommend that after a deposit is made at the bank that the deposit slip and bank receipt be provided to the receptionist to check off in the receipt log that all checks received were properly accounted for on the deposit slip and bank receipt.	Resolved in current year.