

**Capital Area Community  
Action Agency, Inc. and Subsidiary**

**FINANCIAL STATEMENTS**

**September 30, 2018 and 2017**



**CRI** CARR  
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**Capital Area Community Action Agency, Inc. and Subsidiary**  
**Table of Contents**  
**September 30, 2018 and 2017**

**REPORT**

Independent Auditors' Report	1
------------------------------	---

**CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated Statements of Financial Position	3
---	---

Consolidated Statements of Activities	4
---------------------------------------	---

Consolidated Statements of Cash Flows	5
---------------------------------------	---

Notes to Consolidated Financial Statements	6
--	---

**SUPPLEMENTARY INFORMATION**

Consolidating Statement of Financial Position	16
---	----

Consolidating Statement of Activities	17
---------------------------------------	----

Consolidated Schedules of Functional Expenses	18
---	----

Schedule of Expenditures of Federal Awards	19
--	----

Notes to Schedule of Expenditures of Federal Awards	20
---	----

**SINGLE AUDIT REPORTS**

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 <i>Government Auditing Standards</i>	22
---	----

Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	24
---	----

Schedule of Findings and Questioned Costs – Federal Awards	27
--	----

Corrective Action Plan	29
------------------------	----



# REPORT





Carr, Riggs & Ingram, LLC  
2633 Centennial Boulevard  
Suite 200  
Tallahassee, Florida 32308  
  
(850) 878-8777  
(850) 878-2344 (fax)  
CRLcpa.com

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Capital Area Community Action Agency, Inc. and Subsidiary  
Tallahassee, Florida

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

We have audited the accompanying consolidated financial statements of Capital Area Community Action Agency, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 audits. We conducted our audits 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Capital Area Community Action Agency, Inc. and Subsidiary as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 consolidated financial statements. The accompanying consolidated schedules of functional expenses, consolidating statement of financial position, and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the basic consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 June 27, 2019, on our consideration of Capital Area Community Action Agency, Inc. and Subsidiary's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Capital Area Community Action Agency, Inc. and Subsidiary's 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 Capital Area Community Action Agency, Inc. and Subsidiary's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL  
June 27, 2019



**CONSOLIDATED  
FINANCIAL STATEMENTS**

**Capital Area Community Action Agency, Inc. and Subsidiary**  
**Consolidated Statements of Financial Position**

<i>September 30,</i>	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 604,862	\$ 550,505
Accounts receivable	2,000	-
Grants receivable	715,899	659,720
Prepaid expenses	36,322	57,099
Other assets	719	25,954
<b>Total current assets</b>	<b>1,359,802</b>	<b>1,293,278</b>
Property and equipment - net	703,154	735,218
<b>Total assets</b>	<b>\$ 2,062,956</b>	<b>\$ 2,028,496</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 173,952	\$ 157,742
Accrued expenses	90,118	97,527
Due to grantor	15,676	-
Deferred revenue	621,907	705,264
Notes payable, current portion	13,476	12,821
<b>Total current liabilities</b>	<b>915,129</b>	<b>973,354</b>
Non-current liabilities		
Line of credit	73,290	101,364
Micro-enterprise loan	22,993	22,993
Notes payable, less current portion	525,951	541,200
<b>Total non-current liabilities</b>	<b>622,234</b>	<b>665,557</b>
<b>Total liabilities</b>	<b>1,537,363</b>	<b>1,638,911</b>
Net assets		
Unrestricted	491,289	389,585
Temporarily restricted	34,304	-
<b>Total net assets</b>	<b>525,593</b>	<b>389,585</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,062,956</b>	<b>\$ 2,028,496</b>

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

**Capital Area Community Action Agency, Inc. and Subsidiary  
Consolidated Statements of Activities**

<i>Years ended September 30,</i>	<b>2018</b>	<b>2017</b>
<b>Unrestricted net assets</b>		
<b>Revenues, Gains and Other Support</b>		
Grant revenue	\$ 7,262,206	\$ 6,768,023
In-kind contributions	423,589	462,230
Donations	24,844	21,936
Special events	3,610	582
Other income	4,647	6,918
<b>Total revenues, gains, and other support</b>	<b>7,718,896</b>	<b>7,259,689</b>
Net assets released from restrictions	14,439	-
<b>Total unrestricted revenues, gains, and other support</b>	<b>7,733,335</b>	<b>7,259,689</b>
<b>Expenses</b>		
Program services:		
Head Start	3,383,974	3,416,138
Low-Income Home Energy Assistance Program	1,810,875	1,673,902
Weatherization Assistance Program	315,079	376,450
Community Services Block Grant	703,464	555,923
Child Care Food Program	318,723	270,884
Voluntary Pre-K Program	207,974	151,304
Other	245,975	190,130
<b>Total program services</b>	<b>6,986,064</b>	<b>6,634,731</b>
Supporting services:		
General and administrative	639,115	587,857
<b>Total supporting services</b>	<b>639,115</b>	<b>587,857</b>
<b>Total expenses</b>	<b>7,625,179</b>	<b>7,222,588</b>
<b>Change in unrestricted net assets before income taxes</b>	<b>108,156</b>	<b>37,101</b>
Income taxes	6,452	-
<b>Change in unrestricted net assets</b>	<b>101,704</b>	<b>37,101</b>
<b>Temporarily restricted net assets</b>		
Donations	48,743	-
Net assets released from restrictions	(14,439)	-
<b>Change in temporarily restricted net assets</b>	<b>34,304</b>	<b>-</b>
<b>Change in net assets</b>	<b>136,008</b>	<b>37,101</b>
<b>Net assets, beginning of year</b>	<b>389,585</b>	<b>352,484</b>
<b>Net assets, end of year</b>	<b>\$ 525,593</b>	<b>\$ 389,585</b>

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



**Capital Area Community Action Agency, Inc. and Subsidiary**  
**Consolidated Statements of Cash Flows**

<i>Years ended September 30,</i>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Change in unrestricted net assets	\$ 136,008	\$ 37,101
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on sale of asset	-	(500)
Depreciation	32,064	23,266
(Increase) decrease in:		
Accounts receivable	(2,000)	-
Grants receivable	(56,179)	(256,809)
Prepaid expenses	20,777	(21,730)
Other assets	25,235	(25,613)
Increase (decrease) in:		
Accounts payable	16,210	102,431
Accrued expenses	(7,409)	2,510
Due to grantor	15,676	-
Deferred revenue	(83,357)	302,385
<b>Net cash provided by operating activities</b>	<b>97,025</b>	<b>163,041</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property	-	500
Payments for the purchase of property	-	(111,176)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(110,676)</b>
<b>Cash flows from financing activities</b>		
Net (repayments on) proceeds from line of credit	(28,074)	101,364
Payments on note payable	(14,594)	(4,452)
<b>Net cash (used in) provided by financing activities</b>	<b>(42,668)</b>	<b>96,912</b>
<b>Net change in cash and cash equivalents</b>	<b>54,357</b>	<b>149,277</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>550,505</b>	<b>401,228</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 604,862</b>	<b>\$ 550,505</b>
<b>Supplemental disclosure of cash flow:</b>		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 26,651	\$ 3,043

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

## Capital Area Community Action Agency, Inc. and Subsidiary Notes to Consolidated Financial Statements

### NOTE 1 – NATURE OF ORGANIZATION

Capital Area Community Action Agency, Inc. is a non-profit organization engaged in the administration of federal, state, and local grants intended to aid in the reduction of the effects of poverty on the economically disadvantaged. These consolidated financial statements include the Agency's wholly-owned subsidiary Capital Area Community Action Agency Holdings, Inc. ("Holdings") and present the consolidated financial position, activities, and changes in net assets of Capital Area Community Action Agency, Inc. and its subsidiary. Holdings was established in July 2017 for the purpose of purchasing and managing the Agency's office building. Throughout these notes to the consolidated financial statements, "Agency" will be used to refer to the consolidated entity as a whole.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Accounting*

The consolidated financial statements of the Agency have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and accordingly reflect all significant receivables, payables, and other liabilities.

#### *Basis of Presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. Under ASC No. 958, the Agency is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Agency, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the normal course of its operations.

Temporarily unrestricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Contributions for which restrictions expire in the same period as receipt are classified as unrestricted. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. At September 30, 2018 and 2017, temporarily restricted net assets consist of donations received that are restricted for particular purposes.

Permanently restricted net assets are resources whose use is limited by donor-imposed restrictions that neither expires by being used in accordance with a donor's restriction nor by the passage of time. At September 30, 2018 and 2017, the Agency had no permanently restricted net assets.

## Capital Area Community Action Agency, Inc. and Subsidiary Notes to Consolidated Financial Statements

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Principles of Consolidation*

The consolidated financial statements include the accounts of Capital Area Community Action Agency, Inc. and Subsidiary as noted above. All significant intercompany accounts and transactions have been eliminated in consolidation.

#### *Donated Services and Facilities*

Donated services are recognized as contributions 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 Agency. Volunteers also provided tutoring and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

#### *Management Estimates and Assumptions*

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

#### *Income Taxes*

Capital Area Community Action Agency, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an other-than-private foundation. Holdings is a for-profit corporation and is subject to federal and state income taxes on its earnings. Subsequent to September 30, 2018, Holdings changed to a not-for-profit organization that is exempt from income taxes under Section 509(a)(2) of the Internal Revenue Code. The effect of this change is not significant.

Incomes tax expense includes federal and state taxes currently payable. The Agency's effective income tax rate is lower than what would be expected if the federal statutory rate were applied to income from continuing operations as only the Holding's activity is considered taxable. Income tax expense for the years ended September 30, 2018 and 2017 totaled \$6,452 and \$-0-, respectively.

The FASB issued guidance that requires tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Agency is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Internal Revenue Service. There are no tax positions for which a material change in any unrecognized tax benefit liability is reasonably possible in the next twelve months. There are no interest or penalties recognized in the financial statements.

**Capital Area Community Action Agency, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Cash and Cash Equivalents***

The Agency considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. As of September 30, 2018 and 2017, the Agency held cash at financial institutions over the FDIC limit of \$250,000 in the amount of \$292,682 and \$238,391, respectively.

***Property and Equipment***

Fixed assets acquired by the Agency are considered to be owned. However, federal funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Department of Health and Human Services and the Department of Energy have reversionary interests in assets purchased with their funds which have a cost of \$5,000 or more and an estimated useful life of at least two years. At September 30, 2018, total cost and net book value of assets with reversionary interests was \$394,040 and \$182,199, respectively. At September 30, 2017, total cost and net book value of assets with reversionary interest was \$416,040 and \$193,034, respectively. The Agency follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$5,000. Repairs are expensed as incurred.

Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Building and improvements	39 – 40 years
Furniture and equipment	5 – 10 years
Vehicles	5 – 10 years

***Grants Receivable***

Grants receivable consist of amounts due from federal, state, or local governments, or from state pass-through agencies. Management determines the allowance for doubtful accounts based on factors including experience and the current economic environment. Management has determined that any credit losses would be immaterial; therefore, they have recorded no allowance for doubtful accounts.

***Recognition of Grantor/Donor Restrictions***

The Agency receives a substantial portion of its revenue from federal grants and contracts. These are reimbursement contracts and are recorded on the accrual basis of accounting. Revenue is considered earned when the related allowable costs are incurred. Some grant programs require the entire grant award to be shown as a receivable. Income recorded in this manner that has not yet been earned is classified on the statement of financial position as deferred revenue.

***Deferred Revenue***

The Agency recognizes grant revenue as the applicable expenses are incurred over the term of the grant contract. Advances received at the beginning of a grant contract are recorded as deferred revenue until offsetting expenses are incurred. At the completion of a grant contract, the Agency recognizes any remaining deferred revenue as revenue unless the grantor specifies for the return of any unused funds.

## Capital Area Community Action Agency, Inc. and Subsidiary Notes to Consolidated Financial Statements

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Other Program Expenses*

Other program expenses on the consolidated statement of activities represent various smaller grants/contracts including United Way and United Way Neighboring Counties, Community Human Service Partnership (CHSP), Project Share, Duke Energy Neighbor Fund and Talquin Assistance Program (TAP).

#### *Accrued Expenses*

Accrued expenses mainly include accrued vacation, wages, and benefits. All eligible employees accrue paid time off. The rate of accrual increases with the length of the employee's employment with the Agency. Employees may carry forward up to ten percent of the unused paid time off, not to exceed 40 hours. Exception applies if an employee's contract states different terms.

#### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### *Subsequent Events*

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

### NOTE 3 – GRANTS RECEIVABLE

Receivables from grants are as follows:

Funding Source	Grant Program	September 30,	
		2018	2017
City of Tallahassee	Head Start - CHSP	\$ 7,505	\$ 12,512
Department of Economic Opportunity	Low-Income Home Energy Assistance Program	420,383	365,813
	Weatherization Assistance Program	78,256	111,076
	Community Services Block Grant	108,001	61,417
Leon County	Direct Emergency Assistance Program	3,528	3,528
	Community Human Services Partnership	8,754	8,291
United States Department of Agriculture	Child Care Food Program	63,071	54,461
State of Florida - Early Learning Coalition	Voluntary Pre-K Program	21,031	31,124
	School Readiness Program	5,370	9,534
Other Non-Federal Funds	Other	-	1,964
<b>Total grants receivable</b>		<b>\$ 715,899</b>	<b>\$ 659,720</b>

**Capital Area Community Action Agency, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**

**NOTE 4 – DEFERRED REVENUE**

Deferred revenue consists of the following:

<i>September 30,</i>	<b>2018</b>	<b>2017</b>
Low-Income Home Energy Assistance Program	\$ 220,361	\$ 288,234
Weatherization Assistance Program	136,520	144,792
Voluntary Pre-K Program	129,639	78,907
Community Services Block Grant	68,530	68,499
Other	14,846	25,987
School Readiness Program	14,512	17,694
CHSP	12,500	12,500
Family Support Services	10,985	24,622
United Way	8,790	5,466
Project Share	5,224	20,381
Chase Financial Literacy Grant	-	15,367
Talquin Assistance Program	-	2,815
Deferred revenue	<b>\$ 621,907</b>	<b>\$ 705,264</b>

**NOTE 5 – CONTINGENT LIABILITY**

The Agency collateralizes loans to qualified applicants to enable them to start their own business through a micro-enterprise loan grant from the Community Services Block Grant (CSBG). If an applicant meets all qualifications, they receive a loan from a qualifying bank. At that time, the Agency transfers the money to the Bank, the money is held in the Agency's name, and it serves as collateral for the loan.

The total micro-enterprise contingent liabilities were \$22,993 at September 30, 2018 and 2017.

**NOTE 6 – PROPERTY AND EQUIPMENT - NET**

Property and equipment – net consists of the following:

<i>September 30,</i>	<b>2018</b>	<b>2017</b>
Building	\$ 650,486	\$ 650,486
Furniture, equipment and vehicles	265,477	311,977
Total depreciable assets	915,963	962,463
Accumulated depreciation	(338,499)	(352,935)
Depreciable assets, net	577,464	609,528
Land	125,690	125,690
Property and equipment, net	<b>\$ 703,154</b>	<b>\$ 735,218</b>

Depreciation expense for the periods ended September 30, 2018 and 2017 was \$32,064 and \$23,266, respectively.

**Capital Area Community Action Agency, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**

**NOTE 7 – COMMITMENTS**

***Operating Lease***

The Agency leases office space and office equipment under operating leases. Rent expense for the years ended September 30, 2018 and 2017 was \$187,626 and \$261,423, respectively.

Future minimum rental payments under leases with remaining non-cancelable terms in excess of one year are as follows:

<i>Years ending September 30,</i>	Amount
2019	\$ 29,146
2020	12,923
2021	1,620
<b>Total</b>	<b>\$ 43,689</b>

**NOTE 8 – LINE OF CREDIT AND NOTES PAYABLE**

The Agency has a revolving line of credit agreement with a certain bank in which it may borrow up to \$200,000. Borrowings under the line of credit agreement incur interest at the prime rate (5.25% and 4.25% at September 30, 2018 and 2017, respectively) plus 2.00%, a total of 7.25% and 6.25% at September 30, 2018 and 2017, respectively. Outstanding borrowings on the line of credit were \$73,290 and \$101,364 at September 30, 2018 and 2017, respectively. The maturity date of the line of credit is August 4, 2022.

Notes payable consist of the following:

<i>September 30,</i>	2018	2017
Note payable to financial institution, interest at 4.99% per annum, payable in monthly installments of \$2,786 including principal and interest and a balloon payment of remaining balance due at maturity in August 2027, collateralized by real estate.	<b>\$ 405,993</b>	\$ 418,821
Note payable to Department of Economic Opportunity as a result of embezzlement by a former employee of the Agency. Former employee is required to make restitution payments to the Agency when the employee has available funds. No specified due date.	<b>136,378</b>	138,473
Principal amount	<b>542,371</b>	557,294
Less: unamortized debt issuance costs	<b>2,944</b>	3,273
Total notes payable net of unamortized issuance costs	<b>539,427</b>	554,021
Less: current portion	<b>13,476</b>	12,821
<b>Total notes payable, less current portion</b>	<b>\$ 525,951</b>	\$ 541,200

Loan issuance costs are deducted from the face value of the note and amortized over the life of the loan.

**Capital Area Community Action Agency, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**

**NOTE 8 – LINE OF CREDIT AND NOTES PAYABLE (CONTINUED)**

Collateral underlying the note payable to a financial institution totaled \$518,079 and \$530,168, which represents net book value at September 30, 2018 and 2017, respectively.

Future maturities on notes payable are as follows:

<i>Years ending September 30,</i>	Amount
2019	\$ 13,476
2020	14,164
2021	14,887
2022	15,647
2023	16,446
Thereafter	467,751
<b>Total</b>	<b>\$ 542,371</b>

Interest expense was \$26,773 and \$3,043 for the years ended September 30, 2018 and 2017, respectively.

**NOTE 9 – RETIREMENT**

The Agency has a 401(k) plan which covers substantially all employees. Participating employees may elect to contribute, on a tax deferred basis a portion of their compensation. The Agency matches employee contributions, dollar-for-dollar, not to exceed 3% of employee gross wages. The Agency's contributions to the plan for the years ended September 30, 2018 and 2017 were \$36,617 and \$30,531, respectively.

**NOTE 10 – CONCENTRATIONS AND CONTINGENCIES**

The Agency derives the majority of its support from the U.S. Department of Health and Human Services (HHS) and the Florida Department of Economic Opportunity. All grants are renewable on an annual basis and the Agency is dependent on these grants for continued activity.

Financial awards from federal, state, and local governmental entities in the form of grants are subject to periodic programmatic and compliance audits. Such audits could result in claims against the Agency for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

The Agency assesses potential liabilities in connection with lawsuits and threatened lawsuits under FASB ASC 450. The filing of a suit or formal assertion of a claim or assessment does not automatically indicate that accrual of a loss is appropriate. An accrual would be inappropriate, but



**Capital Area Community Action Agency, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**

**NOTE 10 – CONCENTRATIONS AND CONTINGENCIES (CONTINUED)**

disclosure would be required, if an unfavorable outcome is determined to be reasonably possible but not probable, or if the amount of loss cannot be reasonably estimated. If an unfavorable outcome is assessed as probable, an accrual would be appropriate if the amount of loss can be reasonably estimated, and disclosure would be required. The Agency is currently a party to arbitrations in the normal course of operations; however, an accrual is not appropriate based on the unknown outcome of the arbitrations.

**NOTE 11 – DONATED SERVICES AND FACILITIES**

Significant services, materials and facilities are donated to the Agency by various individuals and organizations. Donated material and facilities were recorded at fair market value at the date of donation, and have been included in revenue and expenses for the year.

In-kind contributions are as follows for the year ended September 30, 2018:

Program	Space	Other	Professional Services	Total
Head Start	\$ 118,846	\$ 15,903	\$ 288,840	\$ 423,589
<b>Total</b>	<b>\$ 118,846</b>	<b>\$ 15,903</b>	<b>\$ 288,840</b>	<b>\$ 423,589</b>

In-kind contributions are as follows for the year ended September 30, 2017:

Program	Space	Other	Professional Services	Total
Head Start	\$ 47,202	\$ 140,642	\$ 274,386	\$ 462,230
<b>Total</b>	<b>\$ 47,202</b>	<b>\$ 140,642</b>	<b>\$ 274,386</b>	<b>\$ 462,230</b>

Management estimates the value of contributed volunteer services not recognized as revenue was \$37,768 and \$28,645 for the years ended September 30, 2018 and 2017, respectively.

**NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

<i>September 30,</i>	<b>2018</b>	<b>2017</b>
Family Support Services	\$ 17,373	\$ -
Talquin Assistance Program	10,063	-
Duke Energy Neighbor Fund	3,440	-
Weatherization Assistance	2,740	-
Head Start	688	-
<b>Temporarily restricted net assets</b>	<b>\$ 34,304</b>	<b>\$ -</b>

## Capital Area Community Action Agency, Inc. and Subsidiary Notes to Consolidated Financial Statements

### NOTE 13 – ACCOUNTING GUIDANCE NOT YET ADOPTED

#### ***Accounting Standards Update 2016-14***

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which addresses financial reporting for not-for-profit organizations. The key elements of the ASU are as follows:

- Net asset classifications are being reduced from three to two categories: with donor restrictions and without donor restrictions. Expanded disclosures about the nature and amount of any donor restrictions and on any board designations of net assets without donor restrictions will be required.
- The placed-in-service approach will be required for determining when restrictions are met for all capital gifts, eliminating the over-time option for expirations of capital restrictions.
- Additional disclosures, both qualitative and quantitative, will be required to communicate information useful in assessing liquidity within one year of the statement of financial position date.
- The indirect or direct method of presenting the statement of cash flows will be allowed. However, the presentation or disclosure of indirect method reconciliation is not required when using the direct method.
- When an organization derives net investment return from several different sources, such as donor endowments and unrestricted operating endowments, it may present the net investment return in multiple line items in the statement of activities.

Several reporting requirements related to expenses are included, as follows:

- Disclosure of expenses by both nature and function (excluding investment expenses that have been netted with investment return)
- Disclosure of expenses netted with investment return
- Enhanced disclosures regarding cost allocations

ASU 2016-14 eliminates the requirement to disclose the unrealized gains and losses for the period related to equity securities held at the report date.

The guidance is effective for the fiscal years beginning after December 15, 2017. The Agency is currently evaluating the impact of the guidance on its financial statements.



## Capital Area Community Action Agency, Inc. and Subsidiary Notes to Consolidated Financial Statements

### NOTE 13 – ACCOUNTING GUIDANCE NOT YET ADOPTED (CONTINUED)

#### ***Accounting Standards Update 2014-09***

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. For nonpublic entities, these amendments are effective for annual reporting periods beginning after December 15, 2018. Early adoption with certain restrictions is permitted for nonpublic entities. The Agency is currently evaluating the impact of the guidance on its financial statements.

#### ***Accounting Standards Update 2016-02***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Agency is currently evaluating the impact of the guidance on its financial statements.



**SUPPLEMENTARY INFORMATION**

## Capital Area Community Action Agency, Inc. and Subsidiary Consolidating Statement of Financial Position

September 30, 2018	Agency	Holdings	Total	Eliminating Entries	Consolidated
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 597,884	\$ 6,978	\$ 604,862	\$ -	\$ 604,862
Accounts receivable	-	2,000	2,000	-	2,000
Grants receivable	715,899	-	715,899	-	715,899
Prepaid expenses	36,322	-	36,322	-	36,322
Other assets	719	-	719	-	719
Total current assets	1,350,824	8,978	1,359,802	-	1,359,802
Due from affiliate	81,358	-	81,358	(81,358)	-
Property and equipment - net	185,074	518,080	703,154	-	703,154
Total assets	\$ 1,617,256	\$ 527,058	\$ 2,144,314	\$ (81,358)	\$ 2,062,956
<b>Liabilities and Net Assets</b>					
Current liabilities					
Accounts payable	\$ 172,991	\$ 961	\$ 173,952	\$ -	\$ 173,952
Accrued expenses	75,871	14,247	90,118	-	90,118
Due to grantor	15,676	-	15,676	-	15,676
Deferred revenue	621,907	-	621,907	-	621,907
Notes payable, current portion	-	13,476	13,476	-	13,476
Total current liabilities	886,445	28,684	915,129	-	915,129
Non-current liabilities					
Due to affiliate	-	81,358	81,358	(81,358)	-
Line of credit	73,290	-	73,290	-	73,290
Micro-enterprise loan	22,993	-	22,993	-	22,993
Notes payable, less current portion	136,378	389,573	525,951	-	525,951
Total non-current liabilities	232,661	470,931	703,592	(81,358)	622,234
Total liabilities	1,119,106	499,615	1,618,721	(81,358)	1,537,363
Net assets					
Unrestricted	463,846	27,443	491,289	-	491,289
Temporarily restricted	34,304	-	34,304	-	34,304
Total net assets	498,150	27,443	525,593	-	525,593
Total liabilities and net assets	\$ 1,617,256	\$ 527,058	\$ 2,144,314	\$ (81,358)	\$ 2,062,956

See Independent Auditors' Report.

# Capital Area Community Action Agency, Inc. and Subsidiary

## Consolidating Statement of Activities

Year ended September 30, 2018	Agency	Holdings	Total	Eliminating Entries	Consolidated
<b>Unrestricted Net Assets</b>					
<b>Revenues, Gains and Other Support</b>					
Grant revenue	\$ 7,262,206	\$ -	\$ 7,262,206	\$ -	\$ 7,262,206
In-kind contributions	423,589	-	423,589	-	423,589
Donations	24,844	-	24,844	-	24,844
Special events	3,610	-	3,610	-	3,610
Other income	4,647	102,396	107,043	(102,396)	4,647
Total revenues, gains, and other support	7,718,896	102,396	7,821,292	(102,396)	7,718,896
Net assets released from restrictions	14,439	-	14,439	-	14,439
Total unrestricted revenues, gains, and other support	7,733,335	102,396	7,835,731	(102,396)	7,733,335
<b>Expenses</b>					
Program services:					
Head Start	3,445,412	-	3,445,412	(61,438)	3,383,974
Low-income Home Energy Assistance Program	1,819,067	-	1,819,067	(8,192)	1,810,875
Weatherization Assistance Program	317,127	-	317,127	(2,048)	315,079
Community Services Block Grant	721,895	-	721,895	(18,431)	703,464
Child Care Food Program	318,723	-	318,723	-	318,723
Voluntary Pre-K Program	207,974	-	207,974	-	207,974
Other	245,975	-	245,975	-	245,975
Total program services	7,076,173	-	7,076,173	(90,109)	6,986,064
Supporting services:					
General and administrative	579,732	71,670	651,402	(12,287)	639,115
Total supporting services	579,732	71,670	651,402	(12,287)	639,115
Total expenses	7,655,905	71,670	7,727,575	(102,396)	7,625,179
<b>Change in unrestricted net assets before income taxes</b>	77,430	30,726	108,156	-	108,156
Income taxes	-	6,452	6,452	-	6,452
<b>Change in unrestricted net assets</b>	77,430	24,274	101,704	-	101,704
<b>Temporarily restricted net assets</b>					
Donations	48,743	-	48,743	-	48,743
Net assets released from restrictions	(14,439)	-	(14,439)	-	(14,439)
<b>Change in temporarily restricted net assets</b>	34,304	-	34,304	-	34,304
<b>Change in net assets</b>	111,734	24,274	136,008	-	136,008
Net assets, beginning of year	386,416	3,169	389,585	-	389,585
Net assets, end of year	\$ 498,150	\$ 27,443	\$ 525,593	\$ -	\$ 525,593

See Independent Auditors' Report.

## Capital Area Community Action Agency, Inc. and Subsidiary Consolidated Schedules of Functional Expenses

Years ended September 30,	Head Start	LIHEAP	Weatherization	CSBG	CCFP	VPK	Other program	General and administrative	Total 2018	Summarized Total 2017
<b>Expenses</b>										
Salaries and wages	\$ 1,741,891	\$ 200,550	\$ 79,380	\$ 248,798	\$ 67,587	\$ 122,543	\$ 30,703	\$ 204,128	\$ 2,695,580	\$ 2,519,392
Direct program services	146,654	1,498,383	174,988	292,588	211,392	-	104,470	-	2,428,475	2,249,521
Employee benefits	492,708	57,117	22,607	70,955	19,305	33,160	7,978	60,633	764,463	702,981
In-kind	423,589	-	-	-	-	-	-	-	423,589	462,229
Repairs and maintenance	95,625	6,186	1,413	20,179	-	24,322	59,021	29,561	236,307	210,435
Professional fees	19,801	3,338	1,623	5,113	-	-	-	199,701	229,576	270,987
Occupancy	111,595	11,879	231	11,952	-	24,657	-	14,079	174,393	248,657
Supplies	77,761	1,475	616	1,610	20,439	1,053	2,439	6,001	111,394	103,054
Utilities	68,717	1,980	539	4,454	-	1,527	15,895	2,969	96,081	69,530
Telephone	39,990	8,731	1,762	11,527	-	-	10,683	3,307	76,000	66,416
Training and technical assistance	41,331	-	8,217	4,932	-	-	9,995	11,429	75,904	64,993
Miscellaneous	10,765	5,970	6,339	15,384	-	-	404	32,582	71,444	61,181
Vehicles	40,837	3,421	4,708	3,960	-	-	-	15	52,941	42,804
Insurance	19,345	2,579	8,157	6,759	-	-	-	9,310	46,150	37,806
Depreciation	-	-	-	-	-	-	-	32,064	32,064	23,266
Printing	19,138	4,849	120	1,553	-	712	364	3,756	30,492	20,894
Interest	-	-	-	-	-	-	122	26,651	26,773	3,043
Travel	4,588	3,601	4,166	3,367	-	-	72	32	15,826	19,593
Technology	14,715	-	-	-	-	-	-	-	14,715	8,851
Equipment	13,423	-	-	-	-	-	-	-	13,423	31,679
Special events	-	-	-	-	-	-	3,810	-	3,810	22
Postage and shipping	1,501	816	213	333	-	-	19	519	3,401	3,564
Board and advisory council	-	-	-	-	-	-	-	2,378	2,378	1,690
<b>Total expenses</b>	<b>\$ 3,383,974</b>	<b>\$ 1,810,875</b>	<b>\$ 315,079</b>	<b>\$ 703,464</b>	<b>\$ 318,723</b>	<b>\$ 207,974</b>	<b>\$ 245,975</b>	<b>\$ 639,115</b>	<b>\$ 7,625,179</b>	<b>\$ 7,222,588</b>

See Independent Auditors' Report.

**Capital Area Community Action Agency, Inc. and Subsidiary**  
**Schedule of Expenditures of Federal Awards**  
**Year ended September 30, 2018**

Federal Grantor - Program	CFDA Number	Grant Number	Federal Expenditures	Funds Provided to Subrecipients
<b>Direct Federal Awards</b>				
US Department of Health and Human Services Head Start	93.600	04CH10135-04-01	\$ 3,464,694	\$ -
<b>Total Expenditures of Direct Federal Awards</b>			<b>3,464,694</b>	<b>-</b>
<b>Indirect Federal Awards</b>				
US Department of Agriculture Passed Through:				
State of Florida, Department of Health Child and Adult Care Food Program	10.558	S-731	336,625	-
US Department of Health and Human Services Passed Through:				
State of Florida, Department of Economic Opportunity: Low-Income Home Energy Assistance Program	93.568	17WX-0G-12-00-04-007	290,570	-
Low-Income Home Energy Assistance Program	93.568	17EA-0F-12-00-04-005	1,872,043	-
<b>Total Low-Income Energy Assistance Program</b>			<b>2,162,613</b>	<b>-</b>
State of Florida, Department of Economic Opportunity: Community Services Block Grant Program	93.569	17SB-0D-12-00-04-104	787,616	-
<b>Total Community Services Block Grand Program Program</b>			<b>787,616</b>	<b>-</b>
<b>Total US Department of Health and Human Services</b>			<b>2,950,229</b>	<b>-</b>
US Department of Energy Passed Through:				
State of Florida, Department of Economic Opportunity: Weatherization Assistance Program	81.042	17WX-0G-12-00-04-007	46,696	-
<b>Total US Department of Energy</b>			<b>46,696</b>	<b>-</b>
US Department of Homeland Security Passed Through:				
Federal Emergency Management Agency: Emergency Food and Shelter Program	97.024	34-1656-00	3,805	-
Emergency Food and Shelter Program	97.024	34-1620-00	1,440	-
<b>Total US Department of Homeland Security</b>			<b>5,245</b>	<b>-</b>
<b>Total Expenditures of Indirect Federal Awards</b>			<b>3,338,795</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 6,803,489</b>	<b>\$ -</b>

*See accompanying notes to Schedule of Expenditures of Federal Awards.  
See Independent Auditors' Report.*



## Capital Area Community Action Agency, Inc. and Subsidiary Notes to Schedule of Expenditures of Federal Awards

### NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Capital Area Community Action Agency, Inc. and Subsidiary (the “Agency”) under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass-through entities. The Agency has obtained Catalog of Federal Domestic Assistance (CFDA) numbers to ensure that all programs have been identified in the schedule.

### NOTE 2 – RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS

The amounts reflected in the financial reports submitted to the awarding federal agency and the Schedule may differ. Some of the factors that may account for any potential difference include the following:

- The Agency’s fiscal year end may differ from the program’s year end.
- Accruals recognized in the Schedule, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchases and the resulting depreciation charges are recognized as fixed assets in the Agency’s financial statements and as an expenditure in the program financial reports.

### NOTE 3 – BASIS OF ACCOUNTING

The Schedule was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting as expenditures for fixed assets are expensed when incurred rather than capitalized and depreciated over their useful lives.

### NOTE 4 – CONTINGENCIES

Grant monies received and disbursed by the Agency are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Agency does not believe that such disallowance, if any, would have a material effect on the financial position of the Agency. As of September 30, 2018, there were no material questioned or disallowed costs as a result of grant audits in process or completed.



**Capital Area Community Action Agency, Inc. and Subsidiary  
Notes to Schedule of Expenditures of Federal Awards  
(Continued)**

**NOTE 5 – NONCASH ASSISTANCE**

The Agency did not receive any federal noncash assistance for the fiscal year ended September 30, 2018.

**NOTE 6 – INDIRECT COST**

The Agency has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 7 – FEDERALLY FUNDED INSURANCE**

The Agency did not receive federally funded insurance during the fiscal year ended September 30, 2018.

**NOTE 8 – FEDERALLY FUNDED LOANS**

The Agency has no federally funded loans as of September 30, 2018. No funds were expended in the form of loan or loan guarantees during the fiscal year ended September 30, 2018.



**SINGLE AUDIT REPORTS**

**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**

To the Board of Directors  
Capital Area Community Action Agency, Inc. and Subsidiary  
Tallahassee, Florida

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 consolidated financial statements of Capital Area Community Action Agency, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 27, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Capital Area Community Action Agency, Inc. and Subsidiary's, 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Capital Area Community Action Agency, Inc. and Subsidiary's, 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 the 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness (2014-1).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Capital Area Community Action Agency, Inc. and Subsidiary's consolidated 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 consolidated 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*.

### **Capital Area Community Action Agency, Inc. and Subsidiary's Response to Finding**

Capital Area Community Action Agency, Inc. and Subsidiary's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the consolidated 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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS, & INGRAM, LLC

Tallahassee, FL

June 27, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Capital Area Community Action Agency, Inc. and Subsidiary  
Tallahassee, Florida

**Report on Compliance for Each Major Federal Program**

We have audited Capital Area Community Action Agency, Inc. and Subsidiary's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Capital Area Community Action Agency, Inc. and Subsidiary's, major federal programs for the year ended September 30, 2018. Capital Area Community Action Agency, Inc. and Subsidiary's 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 Capital Area Community Action Agency, Inc. and Subsidiary's 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 Capital Area Community Action Agency, Inc. and Subsidiary's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Capital Area Community Action Agency, Inc. and Subsidiary's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Capital Area Community Action Agency, Inc. and Subsidiary, 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 September 30, 2018.

**Report on Internal Control over Compliance**

Management of Capital Area Community Action Agency, Inc. and Subsidiary 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 Capital Area Community Action Agency, Inc. and Subsidiary's 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 Capital Area Community Action Agency, Inc. and Subsidiary's 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 a 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.

To the Board of Directors  
Capital Area Community Action Agency, Inc. and Subsidiary  
Page 3

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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS, & INGRAM, LLC

Tallahassee, FL

June 27, 2019



# Capital Area Community Action Agency, Inc. and Subsidiary Schedule of Findings and Questioned Costs – Federal Awards

## SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on whether the consolidated 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 consolidated 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 consolidated 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
Community Service Block Grant Program	93.569

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Capital Area Community Action Agency, Inc. and Subsidiary did not qualify as a low-risk auditee.

**Capital Area Community Action Agency, Inc. and Subsidiary  
Schedule of Findings and Questioned Costs – Federal Awards  
(Continued)**

**SUMMARY OF AUDIT RESULTS (CONTINUED)**

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

**Financial Close and Preparation (2014-1 - 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 year-end 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 year-end accruals and other adjustments.

**Views of Responsible Officials and Planned Corrective Actions:** Capital Area Community Action Agency, Inc. and Subsidiary, agrees with the finding and has updated its year-end close out schedule to reduce the number of proposed journal entries during the audit. In addition, Fiscal Department staff will be provided training opportunities to update their knowledge of current U.S. GAAP requirements regarding financial statement presentation.

**FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL PROGRAMS**

None.

Capital Area Community Action Agency, Inc. and Subsidiary  
Corrective Action Plan

Capital Area  
**Community Action**  
Agency

June 26, 2019

Carr, Riggs & Ingram, LLC  
2633 Centennial Blvd, Suite 200  
Tallahassee, Florida 32308

**Subject:** Corrective Action Plan

To whom it may concern:

Capital Area Community Action Agency, Inc. is aware that there is one finding related to the financial statement audit. Thank you for bringing the finding to management's attention.

**Financial Close and Preparation (2014-1 - 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 year-end 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 year-end accruals and other adjustments.

**Corrective Action Plan:** Capital Area Community Action Agency, Inc. and Subsidiary, agrees with the finding and has updated its year-end close out schedule to reduce the number of proposed journal entries during the audit. In addition, Fiscal Department staff will be provided training opportunities to update their knowledge of current U.S. GAAP requirements regarding financial statement presentation.

**Contact Person:** Stephanie Sgouros

**Anticipated Completion Date:** December 2019

Sincerely,

  
Tim Center  
Chief Executive Officer



309 Office Plaza Drive • Tallahassee, Florida • 32301 • 850.222.2043  
[www.CapitalAreaCommunityAction.org](http://www.CapitalAreaCommunityAction.org)

