

COMMUNITY ACTION PARTNERSHIP OF
STRAFFORD COUNTY

**FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016
AND
INDEPENDENT AUDITORS' REPORTS**

*Leone,
McDonnell
& Roberts*
PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

DECEMBER 31, 2017 AND 2016

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To the Board of Directors of
Community Action Partnership of Strafford County
Dover, New Hampshire

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Community Action Partnership of Strafford County (a New Hampshire nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of cash flows, and notes to the financial statements for the years then ended, and the related statements of activities and functional expenses for the year ended December 31, 2017.

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 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 audits 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 Partnership of Strafford County as of December 31, 2017 and 2016, and its cash flows for the years then ended, and the changes in its net assets for the year ended December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Community Action Partnership of Strafford County's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal 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 June 21, 2018, on our consideration of Community Action Partnership of Strafford County's 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 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 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 Partnership of Strafford County's internal control over financial reporting and compliance.

*Leon, McDonnell & Roberts
Professional Association*

June 21, 2018
Wolfeboro, New Hampshire

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 361,179	\$ 517,916
Accounts receivable	1,094,461	1,191,955
Contributions receivable	115,800	-
Tax credits receivable	172,000	8,000
Inventory	11,532	8,724
Prepaid expenses	<u>9,609</u>	<u>19,677</u>
Total current assets	<u>1,764,581</u>	<u>1,746,272</u>
NONCURRENT ASSETS		
Security deposits	5,350	24,140
Property, net of accumulated depreciation	1,195,445	927,051
Other noncurrent assets	<u>12,500</u>	<u>12,500</u>
Total noncurrent assets	<u>1,213,295</u>	<u>963,691</u>
TOTAL ASSETS	<u>\$ 2,977,876</u>	<u>\$ 2,709,963</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Demand note payable	\$ 105,377	\$ 72,673
Accounts payable	217,582	363,064
Accrued payroll and related taxes	137,448	141,753
Accrued compensated absences	100,965	79,490
Refundable advances	391,376	438,285
Other current liabilities	<u>20,789</u>	<u>-</u>
Total liabilities	<u>973,537</u>	<u>1,095,265</u>
NET ASSETS		
Unrestricted		
Undesignated	1,260,844	1,204,103
Board designated	<u>307,315</u>	<u>307,315</u>
Total unrestricted	1,568,159	1,511,418
Temporarily restricted	<u>436,180</u>	<u>103,280</u>
Total net assets	<u>2,004,339</u>	<u>1,614,698</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,977,876</u>	<u>\$ 2,709,963</u>

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
CHANGE IN NET ASSETS				
REVENUES AND OTHER SUPPORT				
Grant revenue	\$ 7,454,864	\$ -	\$ 7,454,864	\$ 7,531,691
Fees for service	333,487	-	333,487	258,396
Rent revenue	19,472	-	19,472	11,718
Public support	147,071	342,260	489,331	216,229
In-kind donations	735,069	-	735,069	577,850
Interest	127	-	127	1,312
Fundraising	87,215	-	87,215	64,282
Other revenue	<u>(2,106)</u>	<u>-</u>	<u>(2,106)</u>	<u>3,091</u>
Total revenues and support	8,775,199	342,260	9,117,459	8,664,569
NET ASSETS RELEASED FROM RESTRICTIONS	<u>9,360</u>	<u>(9,360)</u>	<u>-</u>	<u>-</u>
Total revenues, support, and net assets released from restrictions	<u>8,784,559</u>	<u>332,900</u>	<u>9,117,459</u>	<u>8,664,569</u>
EXPENSES				
Program services				
Child services	3,973,078	-	3,973,078	3,812,180
Community services	780,471	-	780,471	606,156
Energy assistance	2,154,833	-	2,154,833	2,135,921
Housing	409,543	-	409,543	374,836
Weatherization	391,107	-	391,107	247,856
Workforce development	<u>150,178</u>	<u>-</u>	<u>150,178</u>	<u>178,651</u>
Total program services	7,859,210	-	7,859,210	7,355,600
Supporting activities				
Management and general	790,496	-	790,496	732,223
Fundraising	<u>78,112</u>	<u>-</u>	<u>78,112</u>	<u>64,919</u>
Total expenses	<u>8,727,818</u>	<u>-</u>	<u>8,727,818</u>	<u>8,152,742</u>
CHANGE IN NET ASSETS	56,741	332,900	389,641	511,827
NET ASSETS, BEGINNING OF YEAR	<u>1,511,418</u>	<u>103,280</u>	<u>1,614,698</u>	<u>1,102,871</u>
NET ASSETS, END OF YEAR	<u>\$ 1,568,159</u>	<u>\$ 436,180</u>	<u>\$ 2,004,339</u>	<u>\$ 1,614,698</u>

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 389,641	\$ 511,827
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	84,399	53,517
(Increase) decrease in assets:		
Accounts receivable	97,494	(477,626)
Contributions receivable	(115,800)	-
Tax credits receivable	(164,000)	(8,000)
Inventory	(2,808)	-
Prepaid expenses	10,068	(18,377)
Security deposits	18,790	527
Increase (decrease) in liabilities:		
Accounts payable	(145,482)	280,139
Accrued payroll and related taxes	(4,305)	20,739
Accrued compensated absences	21,475	(2,388)
Refundable advances	(46,909)	(29,071)
Other current liabilities	20,789	(24,399)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>163,352</u>	<u>306,888</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(352,793)</u>	<u>(502,144)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(352,793)</u>	<u>(502,144)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (repayments) on demand note payable	<u>32,704</u>	<u>(728)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>32,704</u>	<u>(728)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(156,737)	(195,984)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>517,916</u>	<u>713,900</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 361,179</u>	<u>\$ 517,916</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 6,251</u>	<u>\$ 3,322</u>

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION**

	<u>Child Services</u>	<u>Community Services</u>	<u>Energy Assistance</u>	<u>Housing</u>	<u>Weatherization</u>	<u>Workforce Development</u>	<u>Total Program Services</u>	<u>Intermediate (Allocation) Pools</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2017 Total</u>	<u>2016 Total</u>
Payroll	\$ 1,884,887	\$ 304,780	\$ 286,047	\$ 57,922	\$ 47,329	\$ 76,824	\$ 2,657,789	\$ 113,337	\$ 515,173	\$ 27,803	\$ 3,314,102	\$ 3,229,192
Payroll taxes	155,402	22,972	21,982	4,723	3,590	6,367	215,036	8,260	40,468	2,096	265,860	288,778
Fringe benefits	174,365	35,623	40,839	5,302	6,208	11,453	273,790	12,164	31,427	2,865	320,246	286,949
Weatherization material, fuel and client assistance	85,880	22,329	1,724,551	169,525	300,926	14,291	2,317,502	-	-	-	2,317,502	2,114,286
In-kind expenses	496,927	195,086	-	26,061	5,392	-	723,466	-	-	11,603	735,069	577,850
Consultants and contract labor	262,576	9,498	6,664	106,135	620	971	386,464	16,167	53,898	274	456,803	134,484
Consumable supplies	209,950	90,209	2,402	1,859	1,650	4,860	310,930	14,436	17,595	3,621	346,582	358,493
Rent	290,038	22,415	29,557	8,301	6,969	25,391	382,671	(251,905)	36,180	3,520	170,466	145,634
Repairs and maintenance	10,630	11,520	10,318	6,107	-	951	39,526	86,873	22,481	7,152	156,032	78,635
Utilities	98,527	5,329	10,082	13,009	1,150	4,049	132,146	(9,375)	14,858	457	138,086	142,579
Insurance	89,440	5,657	1,792	5,276	3,189	1,248	106,602	11,401	17,975	194	136,172	175,933
Meetings, events and training	70,875	10,486	2,353	235	7,909	29	91,887	386	36,358	3,117	131,748	40,742
Depreciation	52,337	25,910	98	3,733	-	2,320	84,398	-	-	-	84,398	34,361
Travel	60,430	8,541	3,471	877	1,644	927	75,890	(14,582)	11,315	2,324	74,947	53,517
Copying and postage	8,400	7,553	9,317	26	98	147	25,541	20	13,865	5,142	44,568	24,364
Retirement	12,886	2,149	1,159	428	475	257	17,354	281	7,936	-	25,571	14,661
Equipment and computer	7,094	(6,091)	4,028	24	991	93	6,139	12,537	4,934	38	23,648	148,448
Interest expense	-	3,314	-	-	2,937	-	6,251	-	-	-	6,251	2,449
Indirect costs	-	-	-	-	-	-	-	-	(34,921)	-	(34,921)	271,832
Property taxes	-	-	-	-	-	-	-	-	-	-	-	3,322
Other program support	2,434	3,191	173	-	30	-	5,828	-	954	7,906	14,688	26,233
Total expenses	\$ 3,973,078	\$ 780,471	\$ 2,154,833	\$ 409,543	\$ 391,107	\$ 150,178	\$ 7,859,210	\$ -	\$ 790,496	\$ 78,112	\$ 8,727,818	\$ 8,152,742

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Community Action Partnership of Strafford County (the Agency) is a 501(c)(3) private New Hampshire non-profit organization established under the provisions of the Equal Opportunity Act of 1964. Without services provided by the Agency, many local residents would be without a means to provide for their basic needs, including food, education, child care, utilities assistance, transportation, housing, emergency shelter and access to other services. The mission of the Agency is to educate, advocate and assist people in Strafford County to help meet their basic needs and promote self-sufficiency. The vision of the Agency is to eliminate poverty in Strafford County through compassion, education, self-sufficiency, transparency, accountability, team work, client focus and professionalism.

In addition to its administrative office located in Dover, the Agency maintains its outreach capacity by operating program offices in Farmington, Milton, Rochester, Dover and Somersworth. The Agency is funded by Federal, state, county and local funds, as well as United Way grants, public utilities, foundation and charitable grant funds, fees for service, private business donations, and donations from individuals. The Agency is governed by a tripartite board of directors made up of elected officials, community leaders from for-profit and non-profit organizations and residents who are low income. The board is responsible for assuring that the Agency continues to assess and respond to the causes and conditions of poverty in its community, achieve anticipated family and community outcomes, and remain administratively and fiscally sound. The Agency administers a wide range of coordinated programs to more than 15,000 people annually, and the programs are designed to have a measureable impact on poverty and health status among the most vulnerable residents: those under the age of 6, the elderly and those living in poverty. This coordinated approach is accomplished by providing a broad array of services that are locally defined, planned and managed with community agencies.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) of the United States.

Financial Statement Presentation

The financial statement presentation follows the recommendations of the Accounting Standard Codification No. 958-210, *Financial Statements of Not-For-Profit Organizations*. Under FASB ASC No. 958-210, 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. The classes of net assets are determined by the presence or absence of donor restrictions.

Unrestricted: Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted: Net assets whose use is limited by donor-imposed stipulations that will either expire with the passage of time or be fulfilled or removed by actions of the Agency.

Permanently Restricted: Net assets reflecting the historical cost of gifts (and in certain circumstances, the earnings from those gifts), subject to donor-imposed stipulations, which require the corpus to be invested in perpetuity to produce income for general or specific purposes.

At December 31, 2017 and 2016 the Agency had unrestricted and temporarily restricted net assets.

Refundable Advances

Grants received in advance are recorded as refundable advances and recognized as revenue in the period in which the related services are performed or expenditures are incurred.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support, depending on the nature of the restriction. However, if a restriction is fulfilled in the same period in which the contribution is received, the Agency reports the support as unrestricted.

Contributed Services

Donated services are recognized as contributions in accordance with FASB ASC No. 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills and would otherwise be purchased by the Agency.

Volunteers provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC No. 958 were not met.

Fair Value of Financial Instruments

Accounting Standard Codification No. 825, "Financial Instruments," requires the Agency to disclose estimated fair value for its financial instruments. The carrying amounts of cash, accounts receivable, inventory, prepaid expenses, accounts payable, accrued expenses, and refundable advances approximate fair value because of the short maturity of those instruments.

Inventory

Inventory materials are fixtures for installation and recorded at cost or contributed value, using the first-in, first-out method.

Property and Depreciation

Property and equipment, which have a cost greater than \$5,000, are capitalized at cost or, if donated, at the approximate fair value at the date of donation. Specific grants and awards may have a threshold lower than this amount and that program will abide by those guidelines. Assets are depreciated over their estimated useful lives using the straight-line method as follows:

Buildings and improvements	15 - 40 years
Furniture, equipment and machinery	3 - 10 years
Vehicles	5 - 7 years

Depreciation expense aggregated \$84,399 and \$53,517 for the years ended December 31, 2017 and 2016, respectively.

Accrued Earned Time

The Agency has accrued a liability of \$100,965 and \$79,490 at December 31, 2017 and 2016, respectively, for future compensated leave time that its employees have earned and which is vested with the employee.

Income Taxes

The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined the Agency to be other than a private foundation. The Agency is also exempt from the New Hampshire Business Enterprise Tax.

Accounting Standard Codification No. 740, "Accounting for Income Taxes", establishes the minimum threshold for recognizing, and a system for measuring, the benefits of tax return positions in financial statements. Management has analyzed the Agency's tax position taken on its information returns for the years 2014 through 2017 and has concluded that no additional provision for income taxes is necessary in the Agency's financial statements.

Cash and Cash Equivalents

The Agency considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents.

Use of Estimates

The presentation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Expenses

The Agency expenses advertising costs as they are incurred. Total advertising costs for the years ended December 31, 2017 and 2016 amounted to \$22,984 and \$21,352, respectively.

In-kind Donations

The Agency pays below-market rent for the use of certain facilities. In accordance with generally accepted accounting principles, the difference between amounts paid for the use of the facilities and the fair value of the rental space has been recorded as an in-kind donation and as an in-kind expense in the accompanying financial statements. The estimated fair value of the donation was determined to be \$232,667 and \$322,524 for the years ended December 31, 2017 and 2016, respectively.

The Agency also receives contributed professional services that are required to be recorded in accordance with FASB ASC No. 958. The estimated fair value of these services was determined to be \$86,313 and \$49,673 for the years ended December 31, 2017 and 2016, respectively.

The Agency also receives contributed food commodities and other goods that are required to be recorded in accordance with FASB ASC No. 958. The estimated fair value of these food commodities and goods was determined to be \$121,757 and \$294,332, respectively, for the year ended December 31, 2017. For the year ended December 31, 2016, the estimated fair value of these food commodities and goods was determined to be \$159,190 and \$46,463, respectively.

Functional Allocation of Expenses

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

NOTE 2. PROPERTY

As of December 31, 2017 and 2016, property consisted of the following:

	<u>2017</u>	<u>2016</u>
Land, buildings and improvements	\$ 1,268,065	\$ 926,666
Furniture, equipment and machinery	539,213	522,213
Vehicles	249,779	249,779
Construction in progress	<u>-</u>	<u>5,607</u>
Total	2,057,057	1,704,265
Less accumulated depreciation	<u>861,612</u>	<u>777,214</u>
Net property	<u>\$ 1,195,445</u>	<u>\$ 927,051</u>

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for uncollectible accounts was estimated to be zero at December 31, 2017 and 2016. The Agency has no policy for charging interest on overdue accounts.

NOTE 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent promises to give, which have been made by donors but have not yet been received by the Agency. The Agency considers contributions receivable fully collectible; accordingly, no allowance for contributions receivable has been recorded.

Total unconditional promises to give were as follows at December 31, 2017:

Within one year	\$	52,400
In two to five years		26,400
Thereafter		<u>37,000</u>
	\$	<u>115,800</u>

NOTE 5. TAX CREDIT PROGRAM

The New Hampshire Community Development Finance Authority's Tax Credit Program allows New Hampshire businesses to contribute to not-for-profit community, housing and economic development projects and receive a 75% New Hampshire state tax credit that can be applied against New Hampshire business profits, business enterprise and insurance premium taxes. Through this Tax Credit Program, the Agency recognized contribution revenue of \$164,000 and \$8,000 for the years ended December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, the Agency had tax credits receivable of \$172,000 and \$8,000, respectively.

NOTE 6. PLEDGED ASSETS

As described in Note 7, all assets of the Agency are pledged as collateral under the Agency's demand note payable agreement.

NOTE 7. DEMAND NOTE PAYABLE

The Agency has available a revolving line of credit with a bank in the amount of \$250,000. The note is payable upon demand, but in the absence of demand, is due in September 2018. Interest is stated at the prime rate plus 1% which resulted in an interest rate of 5.50% and 4.75% at December 31, 2017 and 2016, respectively. The note is collateralized by all the assets of the Agency.

NOTE 8. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2017 and 2016, temporarily restricted net assets consisted of the following:

	<u>2017</u>	<u>2016</u>
Bank of New Hampshire - Summer Meals	\$ 3,094	\$ 971
Building Campaign - Pledges	121,908	-
Building Campaign - Tax Credits	172,000	8,000
Envoy Mortgage - Summer Meals	1,500	-
Fuel Vendor - Returned of Federal Funds	6,123	4,219

Holy Rosary Credit Union - Homelessness	207	-
Hub - Family Resource Center	27,892	27,892
Individual Donor - Heat & Hot Water	2,868	-
Individual Donors Grab N Go – Summer Weekend Meals	1,418	-
Municipal - Homelessness	6,838	-
Municipal - Homelessness	4,500	-
New Hampshire Charitable – Thomas Haas Heat & Hot Water	11,719	-
New Hampshire Charitable – Thomas Haas Heat & Hot Water	8,000	-
New Hampshire Charitable Foundation – Bundled Services	37,305	20,247
New Hampshire Charitable Foundation – Homelessness	1,000	-
Nute Charitable Trust - Fuel Assistance	1,500	-
Optima Bank - Security Deposits	18,425	27,620
Share Our Strength – Summer Meals	-	13,995
Split Interest Clients - Security Deposits	5,385	-
Split Interest Clients - Security Deposits	2,450	-
United Way - Homelessness	<u>2,048</u>	<u>336</u>
Total	<u>\$ 436,180</u>	<u>\$ 103,280</u>

NOTE 9. LEASE COMMITMENTS

Facilities occupied by the Agency for its community service programs are rented under the terms of various operating leases. For the years ended December 31, 2017 and 2016, the annual lease/rent expense for the leased facilities was \$155,065 and \$120,523, respectively. Certain equipment is leased by the Agency under the terms of various operating leases.

The approximate future minimum lease payments on the above leases are as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2018	\$ 91,347
2019	23,857
2020	20,078
2021	19,633
2022	<u>15,697</u>
Total	<u>\$ 170,612</u>

NOTE 10. RETIREMENT PLAN

The Agency maintains a 403(b) Plan and Trust (the Plan) covering substantially all employees. Employee contributions to the Plan are made at predetermined rates elected by employees. Additionally, the Agency provides a matching contribution equal to 25% of the employee's contribution up to 5% of the employee's compensation. Effective April 1, 2016, the Agency instituted an auto enrollment feature mandating a minimum 1% employee contribution; however employees reserve the right to decline the auto enrollment. Employer matching contributions for the years ended December 31, 2017 and 2016 totaled \$25,570 and \$24,366, respectively.

NOTE 11. CONCENTRATION OF RISK

A large percentage of the Agency's total revenue was received from two contractors, the Federal Government and the State of New Hampshire. It is always considered to be at least reasonably possible that either contractor could be lost in the near term; however, Management feels this risk is of no particular concern at this time.

NOTE 12. CONCENTRATION OF CREDIT RISK

The Agency maintains its cash balances at several financial institutions in New Hampshire. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Agency maintains an agreement with its primary financial institution to collateralize the balances in excess of \$250,000.

NOTE 13. CONTINGENCIES

The Agency receives grant funding from various sources. Under the terms of these agreements, the Agency is required to use the funds within a certain period and for purposes specified by the governing laws and regulations. If expenditures were found not to have been made in compliance with the laws and regulations, the Agency might be required to repay the funds. No provisions have been made for this contingency because specific amounts, if any, have not been determined or assessed as of December 31, 2017 and 2016.

NOTE 14. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are available to be issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the statement of financial position date but arose after that date. Management has evaluated subsequent events through June 21, 2018, the date the December 31, 2017 financial statements were available for issuance.

SUPPLEMENTARY INFORMATION

(See Independent Auditors' Report)

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NAME</u>	<u>GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Agriculture				
Child and Adult Care Food Program	10.558	State of New Hampshire Department of Education	4300-ZZZ	\$ 114,589
Child and Adult Care Food Program	10.558	State of New Hampshire Department of Education	At-Risk After School Care Centers	<u>82,842</u> \$ 197,431
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	State of New Hampshire Department of Education	4300-ZZZ	71,368
Food Distribution Cluster				
Emergency Food Assistance Program (Food Commodities)	10.569	Belknap-Merrimack Community Action Partnership	None	<u>164,649</u>
Total U.S. Department of Agriculture				<u>\$ 433,448</u>
U.S. Department of Housing and Urban Development				
Supportive Housing for the Elderly	14.157	Dover Housing Authority	Dover Housing Authority	\$ 25,818
CDBG Entitlement Grants Cluster				
Community Development Block Grants / Entitlement Grants	14.218	City of Dover, New Hampshire	City of Dover	\$ 37,152
Community Development Block Grants / Entitlement Grants	14.218	City of Rochester, New Hampshire	City of Rochester	<u>53,346</u> 90,498
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	New Hampshire Community Development Finance Authority	16-210-CDFA	84,906
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	New Hampshire Community Development Finance Authority	16-409-EDWD1	<u>17,932</u> 102,838
Emergency Solutions Grant Program	14.231	State of New Hampshire Department of Health and Human Services	05-95-42-423010-7927	28,733
Supportive Housing Program	14.235	State of New Hampshire Department of Health and Human Services	010-092-7176-102-0415	34,169
Supportive Housing Program	14.235	Community Partners / Behavioral Health / Services	Community Partners	<u>10,595</u> 44,764
Total U.S. Department of Housing and Urban Development				<u>\$ 292,651</u>
U.S. Department of Labor				
WIA Cluster				
WIA Adult Program	17.258	Southern New Hampshire Services, Inc.	2016-0003	\$ 31,955
WIA Dislocated Worker Formula Grants	17.278	Southern New Hampshire Services, Inc.	2016-0003	<u>34,351</u> 66,306
Total U.S. Department of Labor/WIA Cluster				<u>\$ 66,306</u>
U.S. Department of Energy				
Weatherization Assistance for Low-Income Persons	81.042	State of New Hampshire Governor's Office of Energy & Community Services	01-02-02-024010-7706-074-500587	<u>\$ 135,377</u>
Total U.S. Department of Energy				<u>\$ 135,377</u>
U.S. Department of Health & Human Services				
Aging Cluster				
Special Programs for the Aging - Title III, Part B - Grants for Senior Energy	93.044	State of New Hampshire Division of Elderly and Adult services	010-048-7872-512-0352	\$ 1,889
Senior Transportation	93.044	State of New Hampshire Department of Health and Human Services, Nutrition & Trans. Services	05-95-48-48010-78720000-512-500352	<u>26,318</u> \$ 28,207
Maternal, Infant, and Early Childhood Home Visiting Cluster				
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	State of New Hampshire Department of Health and Human Services, DPH, BPHCS, Maternal & Health Section	05-95-90-902010-5896	166,445
Promoting Safe and Stable Families TANF Cluster	93.556	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-042-421010-29730000-102-500734-42107306	18,708
Temporary Assistance for Needy Families	93.558	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-045-450010-61460000-502-500891-42106603	33,000
Temporary Assistance for Needy Families	93.558	Southern New Hampshire Services, Inc.	13-DHHS-BWW-CSP-05	<u>82,631</u> 115,631
Low-Income Home Energy Assistance	93.568	State of New Hampshire Governor's Office of Energy & Planning	01-02-02-024010-77050000-074-500587	1,886,943
Low-Income Home Energy Assistance	93.568	State of New Hampshire Governor's Office of Energy & Planning	01-02-02-024010-77050000-500587 02HRRP16A	<u>279,640</u> 2,166,583
Community Services Block Grant	93.569	State of New Hampshire, DHHS, DFA	010-045-7148-093-0415	516,950
Head Start	93.600	Direct Funding	01CH996002 & 01HP000702	3,182,799
Stephanie Tubbs Jones Child Welfare Program	93.645	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-042-421010-29680000-102-500734-42106802	740
Social Services Block Grant	93.667	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-042-421010-29660000-102-500734-42106603	70,172
Maternal and Child Health Services Block Grant to the States	93.994	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-090-902010-51900000-102-500731-90004009	<u>4,990</u>
Total U.S. Department of Health & Human Services				<u>6,271,225</u>
TOTAL				<u>\$ 7,199,007</u>

See Notes to Schedule of Expenditures of Federal Awards

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards (the Schedule) includes the federal award activity of Community Action Partnership of Strafford County under programs of the federal government for the year ended December 31, 2017. 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 Community Action Partnership of Strafford County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATE

Community Action Partnership of Strafford County has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 FOOD DONATION

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed.

NOTE 5 SUBRECIPIENTS

Community Action Partnership of Strafford County had no subrecipients for the year ended December 31, 2017.

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**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 of
Community Action Partnership of Strafford County
Dover, New Hampshire

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 Partnership of Strafford County (a New Hampshire nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of cash flows, and the related notes to the financial statements for the years then ended, and the related statements of activities and functional expenses for the year ended December 31, 2017, and have issued our report thereon dated June 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action Partnership of Strafford County'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action Partnership of Strafford County's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Partnership of Strafford County'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 have not been 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency as item 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Action Partnership of Strafford County's 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 Partnership of Strafford County's Response to Findings

Community Action Partnership of Strafford County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Action Partnership of Strafford County's 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.

*Leon, McDonnell & Roberts
Professional Association*

June 21, 2018
Wolfeboro, New Hampshire

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

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

To the Board of Directors of
Community Action Partnership of Strafford County
Dover, New Hampshire

Report on Compliance for Each Major Federal Program

We have audited Community Action Partnership of Strafford County'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 Community Action Partnership of Strafford County's major federal programs for the year ended December 31, 2017. Community Action Partnership of Strafford County'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 Community Action Partnership of Strafford County'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 Community Action Partnership of Strafford County'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 Community Action Partnership of Strafford County's compliance.

Opinion on Each Major Federal Program

In our opinion, Community Action Partnership of Strafford County 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 December 31, 2017.

Report on Internal Control Over Compliance

Management of Community Action Partnership of Strafford County 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 Partnership of Strafford County'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 Community Action Partnership of Strafford County'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Leon, McDonnell & Roberts
Professional Association*

June 21, 2018
Wolfeboro, New Hampshire

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Community Action Partnership of Strafford County were prepared in accordance with GAAP.
2. One significant deficiency 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 Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Community Action Partnership of Strafford County, 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 reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for Community Action Partnership of Strafford County 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 programs tested as major were: U.S. Department of Health and Human Services, Low-Income Home Energy Assistance Program, CFDA 93.568, and Community Services Block Grant, CFDA 93.569.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Community Action Partnership of Strafford County was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

2017-001 General Ledger Close and Adjusting Journal Entries

Condition: A significant quantity of adjusting journal entries were provided by the Organization during the audit. Significant adjusting entries related to the following areas: accrued payroll, pledges receivable and pledge contributions. The adjusting entries were provided by management and in certain cases identified by the auditor.

Criteria: Internal controls should be in place to ensure that the activity of the Organization is being recorded in a timely and accurate manner.

Cause: Controls are not in place to ensure all required month and year end journal entries are being recorded in a timely and accurate manner.

Effect: Financial information utilized by management in making decisions may not be timely or accurate.

Recommendation: Procedures should be implemented to ensure all required month and year end journal entries are being recorded in a timely and accurate manner.

Views of Responsible Officials and Planned Corrective Action: The Organization is strengthening month end and year end checklist procedures to include additional documentation of completion, backups recorded to 365 and review of entries to ensure timely and accurate journal entries. In addition, the fiscal department is fully staffed to provide the oversight as well as work required to perform the tasks.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016**

There were no findings or questioned costs that were required to be reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2016.