

# Community Action of Laramie County

Financial Statements and Supplementary Information

Year ended June 30, 2019



**WIPFLI**<sup>LLP</sup>  
CPAs and Consultants

# Community Action of Laramie County

Year Ended June 30, 2019

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## Table of Contents

Independent Auditor's Report.....	1
<b>Financial Statements</b>	
Statement of Financial Position.....	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards.....	17
Notes to Schedule of Expenditures of Federal Awards.....	18
Independent Auditor's 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> .....	19
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	21
Schedule of Findings and Questioned Costs.....	23



## Independent Auditor's Report

Board of Directors  
Community Action of Laramie County  
Cheyenne, Wyoming

### Report on the Financial Statements

We have audited the accompanying financial statements of Community Action of Laramie County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 auditor's 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 of Laramie County, as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

## **Other Matters**

### *Report on Supplementary Information*

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 of Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic 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 March 8, 2019, on our consideration of the Organization'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 the effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.

Wipfli LLP

Billings, Montana  
March 8, 2019

# Community Action of Laramie County

## Statement of Financial Position

<i>June 30,</i>	2019
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 112,556
Grants receivable	339,522
Accounts receivable	4,981
Prepaid expenses	15,632
<b>Total current assets</b>	<b>472,691</b>
Property and equipment:	
Property and equipment, net of accumulated depreciation	1,475,884
<b>Total assets</b>	<b>\$ 1,948,575</b>
<b>LIABILITIES AND NET ASSETS</b>	
Current liabilities:	
Accounts payable	\$ 81,408
Accrued expenses	136,750
Accrued annual leave	57,168
Security deposits	7,204
Deferred revenue	68,653
Current portion of long-term debt	13,265
<b>Total current liabilities</b>	<b>364,448</b>
Other liabilities:	
Long-term debt, net of current portion	288,425
<b>Total liabilities</b>	<b>652,873</b>
Net assets:	
Without donor restrictions	1,295,702
<b>Total liabilities and net assets</b>	<b>\$ 1,948,575</b>

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

# Community Action of Laramie County

## Statement of Activities and Changes in Net Assets

<i>Year Ended June 30,</i>	Without Donor Restriction	With Donor Restriction	Total
<b>Revenues and support</b>			
Grants and contracts	\$ 4,793,145	\$ -	\$ 4,793,145
Program revenue	254,115	-	254,115
Donated goods and services	293,060	-	293,060
Contributions	14,441	114,425	128,866
Loss on sale of assets	(161,181)	-	(161,181)
Interest	1,477	-	1,477
Other revenue	54,948	-	54,948
Released from restrictions	124,874	(124,874)	-
<b>Total revenues and support</b>	<b>5,374,879</b>	<b>(10,449)</b>	<b>5,364,430</b>
<b>Expenses</b>			
Program services	4,780,883	-	4,780,883
Management and support	534,708	-	534,708
Fundraising	41,518	-	41,518
<b>Total expenses</b>	<b>5,357,109</b>	<b>-</b>	<b>5,357,109</b>
<b>Change in net assets</b>	<b>17,770</b>	<b>(10,449)</b>	<b>7,321</b>
Net assets, beginning of year	1,277,932	10,449	1,288,381
Net assets, end of year	\$ 1,295,702	\$ -	\$ 1,295,702

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

# Community Action of Laramie County

## Schedule of Functional Expenses

<i>Year Ended June 30, 2019</i>	Program Services	Management and Support	Fundraising	Total
Advertising	\$ 6,959	\$ 1,644	\$ 7,289	\$ 15,892
Contract services	252,690	125,086	6,592	384,368
Dues and subscriptions	15,947	7,221	-	23,168
Emergency assistance	782,795	1,295	848	784,938
Equipment costs	27,495	4,616	3,634	35,745
Health insurance	472,154	37,039	2,152	511,345
In-kind expense	293,059	-	-	293,059
Insurance - professional	52,014	27,339	860	80,213
Interest expense	121	3,644	-	3,765
Meetings	2,076	2,382	2,063	6,521
Miscellaneous expense	5,418	11,176	4,425	21,019
Payroll taxes	287,408	46,071	1,008	334,487
Printing and postage	3,281	1,917	90	5,288
Rent	314,497	8,042	-	322,539
Repairs and maintenance	4,445	-	-	4,445
Retirement plan contributions	16,084	2,315	241	18,640
Salaries and wages	1,767,571	226,077	7,687	2,001,335
Supplies	183,261	1,768	690	185,719
Training	36,797	-	517	37,314
Travel	11,103	481	3,074	14,658
Utilities and Telephone	78,737	25,826	-	104,563
Vehicle expense	36,825	769	348	37,942
<b>Total expenses before depreciation</b>	<b>4,650,737</b>	<b>534,708</b>	<b>41,518</b>	<b>5,226,963</b>
Depreciation	130,146	-	-	130,146
<b>Total expenses</b>	<b>\$ 4,780,883</b>	<b>\$ 534,708</b>	<b>\$ 41,518</b>	<b>\$ 5,357,109</b>

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

# Community Action of Laramie County

## Statement of Cash Flows

<i>Year Ended June 30,</i>	2019
Cash flows from operating activities:	
Change in net assets	\$ 7,321
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	130,146
Gain on disposal of property, plant and equipment	161,181
(Increase) decrease in:	
Grants receivable	(182,896)
Accounts receivable	7,285
Prepaid expenses	21,856
Increase (decrease) in:	
Accounts payable	(2,621)
Accrued expenses	(64,570)
Accrued vacation payable	865
Security deposits	(681)
Deferred revenue	(156,167)
Net cash flow from operating activities	(78,281)
Cash flows from investing activities:	
Proceeds on sales of property and equipment	79,250
Purchases of property and equipment	(468,373)
Net cash flow from investing activities	(389,123)
Cash flows from financing activities:	
Repayment of debt	(143,790)
Net cash flow from financing activities	(143,790)
Net change in cash	(611,194)
Cash, beginning of year	723,750
Cash, end of year	\$ 112,556
Supplemental disclosure of cash flow information:	
Cash paid for interest	\$ 4,109

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

# Community Action of Laramie County

## Notes to Financial Statements

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### Note A Organization

Community Action of Laramie County (the Organization) is a nonprofit corporation that involves the community in assessing the local needs and attacking the causes of poverty. The four pillars of the Organization are to promote self-sufficiency housing, early childhood education, improve social services, and engage the public sector. The Organization operates primarily in the Cheyenne, Wyoming area.

The Organization offers a broad array of programs and services all designed to help people and change lives. The Organization administered the following community based projects during the year ended June 30, 2019:

**Laramie County Head Start Program:** This program serves the educational, social, emotional, medical, dental, and nutritional needs of children and their families. Head Start is a preschool program that helps low-income and disadvantaged three-to-five year olds prepare for school. Early Head Start is a home-based program for low-income pregnant women and children from birth to age three designed to support parents as “their child’s first teacher,” to enhance a child’s social, emotional, language, motor, and cognitive development. It also helps to ensure that pregnant women receive complete prenatal services.

**Health Care for the Homeless (HCH):** This program provides comprehensive primary health care for the homeless in Cheyenne. Services include medical consultation, evaluation and treatment, prescription assistance, laboratory, X-rays, limited dental and visual services, mental health and substance abuse counseling, and transportation in coordination with health care appointments.

**Self-Sufficiency:** This program provides financial assistance to low-income individuals and families in emergency situations. The goal of the program is to enable individuals to become self-sufficient. The program provides qualified individuals with housing, or with short-term monetary assistance for deposits, rent, fuel, or other needs. Grant funds are used primarily for emergency assistance situations; therefore, the type of assistance that can be provided is governed by the grant received. The Organization owns apartment complexes and homes for qualified low-income clients. The Organization also owns an apartment complex to house homeless veterans as part of the VA Grant and Per Diem program. The duration of use of these properties by the clients is limited to two years, during which time the Organization provides case management to help the clients become self-sufficient.

**Kinship Support Services:** This program assists grandparents over the age of 55 who are raising their grandchildren. The program provides support groups, monthly respite, and assistance with guardianships and other issues unique to these individuals.

**Cheyenne Farmer’s Market:** The event begins in August and runs through the beginning of October. The market, which is held on Saturdays only, features farmers and vendors with fresh fruits and vegetables, honey, breads, pastries, and cheeses. The Organization receives a commission from these vendors based on sales.

# Community Action of Laramie County

## Notes to Financial Statements

### Note B Summary of Significant Accounting Policies

#### Basis of Accounting

The accounts of the Organization are organized on the basis of grants, each of which is considered internally to be a separate accounting entity. The operations of each program are accounted for by providing a separate set of self-balancing accounts, which consist of assets, liabilities, net assets, revenue, and expenses, as appropriate. However, for financial reporting purposes, all accounts of the Organization are presented as one entity in accordance with accounting principles generally accepted in the United States.

#### Change in Accounting Policy

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources (Note C), and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented with the exception of certain omissions of prior year data as allowed under the standard.

The changes have the following effect on net assets at July 1, 2018:

<i>Net Asset Class</i>	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 1,277,932	\$ -
Temporarily restricted net assets	10,449	-
Net assets without donor restrictions	-	1,277,932
Net assets with donor restrictions	-	10,449
Total	\$ 1,288,381	\$ 1,288,381

#### New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, Revenue Recognition, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Organization is currently evaluating the impact of the provisions of ASC 606.

# Community Action of Laramie County

## Notes to Financial Statements

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### Note B Summary of Significant Accounting Policies (Continued)

#### New Accounting Pronouncements (Continued)

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This ASU provides guidance on the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and new disclosures on key information about leasing arrangements. The new standard supersedes current leases accounting in FASB Accounting Standards Codification (ASC) Topic 840, Leases. When adopted, the amendments in the ASU must be applied using a modified retrospective approach. ASU No. 2016-02 is effective for nonpublic companies for annual periods beginning after December 15, 2019. The Organization is currently evaluating the impact of the provisions of ASC 842.

On June 21, 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in this update is permitted. The Organization is still evaluating the impact of the provisions of ASU Topic 958.

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.
- Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

# Community Action of Laramie County

## Notes to Financial Statements

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### **Note B Summary of Significant Accounting Policies** (Continued)

#### **Revenue Recognition**

Contributions received are recorded as with or without donor restriction support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities and change in net assets as net assets released from restrictions. Donor-restricted support is reflected as unrestricted if the restrictions are met in the same reporting period they are received. There were no permanently restricted net assets.

Grant revenue is recognized when services are performed. Deferred revenue is recognized for grants that are advanced before services are performed.

#### **Cash and Cash Equivalents**

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

#### **Accounts Receivable**

Accounts receivable consist primarily of rent amounts owed. The Organization has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

#### **Grants Receivable**

Grants receivable represent amounts due from federal and state agencies. Past history has indicated that all receivables are collectible. The Organization has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

#### **Prepaid Expenses**

Prepaid items represent payments made by the Organization for which benefits extend beyond June 30, 2019.

# Community Action of Laramie County

## Notes to Financial Statements

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### Note B Summary of Significant Accounting Policies (Continued)

#### Property and Equipment

Purchased property and equipment is recorded at cost while contributed property and equipment is recorded at fair value. The Organization capitalizes all property and equipment in excess of \$5,000 and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statement of activities and change in net assets for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The respective federal grantor departments retain reversionary interests in any equipment acquired with federal funds. Disposition of such equipment is subject to rules and regulations of the United States Government. Assets acquired with unrestricted funds of the Organization are not subject to reversionary interests.

The estimated useful lives for significant property and equipment categories are as follows:

Vehicles	5-10 years
Furniture and equipment	3-10 years
Buildings and improvements	5-30 years

#### Accrued Annual Leave

Accrued annual leave represents the Organization's liability for the cost of unused employee annual leave in the event of employee terminations. During the first year of service, an employee can earn up to ten days of vacation. During the second year of service, an employee can earn up to 12 days of vacation and an additional day for each year thereafter. Employees reach the maximum vacation allowable of 20 days in their 10th year of employment. Employees must take a minimum of one week vacation time per year. Full-time employees of the Organization may carry over unused vacation leave accrued. Upon termination of employment, up to 160 hours of vacation is payable to the employee.

#### Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time records and estimates made by the Organization's management.

# Community Action of Laramie County

## Notes to Financial Statements

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### **Note B Summary of Significant Accounting Policies** (Continued)

#### **Income Taxes**

The Organization is organized as a nonprofit and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for income taxes has been made in these statements. The Organization is subject to examination of their federal income tax filing in the United States, generally for the three preceding tax years. There were no uncertain tax positions taken by the Organization. In the event that the Organization is assessed penalties and/or interest, penalties will be charged to other operating expense and interest will be charged to interest expense.

#### **Advertising**

Advertising costs are expensed as incurred. Advertising expense was \$15,892 and for the year ended June 30, 2019.

#### **Use of Estimates**

Preparing the Organization's financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect 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.

#### **Subsequent Events**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 8, 2019, which is the date the financial statements were available to be issued. Management has determined that no subsequent events requiring adjustment or disclosure have occurred.

# Community Action of Laramie County

## Notes to Financial Statements

### Note C Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>Year Ended June 30, 2019</i>	2019
Cash and cash equivalents	\$ 112,556
Grants receivable	339,522
Accounts receivable	4,981
Total financial assets without donor restrictions	457,059
Less: Deferred revenue	(68,653)
Total financial assets available for general expenditure	\$ 388,406

The Organization has a formal liquidity policy which requires it maintain financial assets in liquid form such as cash and cash equivalents for 30 days of normal operating expenses. The Organization can rely on a lower cash balance as they are primarily funded with cost reimbursement grants. A liquidity review is performed on a weekly basis. Under cost reimbursement grants, once expenses are incurred an organization can request reimbursement from the funding source. The Organization's grants have varying renewal dates.

As of June 30, 2019, the Organization has no net assets subject to donor or grantor restrictions which would affect the liquidity analysis.

### Note D Property and Equipment

A summary of changes in property and equipment for the years ended June 30, 2019, is as follows:

	Balance July 1, 2018	Additions	Disposals and Transfers	Balance June 30, 2019
Property and equipment being depreciated at cost:				
Vehicles	\$ 663,426	\$ 17,500	\$ -	\$ 680,926
Furniture and equipment	134,998	102,472	-	237,470
Buildings and improvements	1,763,861	147,768	217,416	2,129,045
	2,562,285	267,740	217,416	3,047,441
Other property and equipment:				
Land	353,889	22,998	(240,431)	136,456
Construction in progress	39,781	177,635	(217,416)	-
Total property and equipment	2,955,955	468,373	(240,431)	3,183,897
Less accumulated depreciation	(1,577,867)	(130,146)	-	(1,708,013)
Total property and equipment, net of depreciation	\$ 1,378,088			\$ 1,475,884

# Community Action of Laramie County

## Notes to Financial Statements

### Note E Operating Leases

The Organization leases office, program facilities, and motor vehicles under operating leases that generally have terms from one to five years. Rental and lease expenses for the year ended June 30, 2019, was \$322,539. Future minimum lease commitments as of June 30, 2019, are as follows:

<i>Years Ended June 30,</i>	<i>Lease Payments</i>
2020	\$ 277,143
2021	190,869
2022	189,216
2023	187,072
2024	186,000
Thereafter	2,604,000
<b>Total</b>	<b>\$ 3,634,300</b>

### Note F Donated Goods and Services

Donated goods and services for the year ended June 30, 2019, are as follows:

	2019
Occupancy / utilities	\$ 34,548
Materials and supplies	48,414
Professional services	210,098
<b>Total</b>	<b>\$ 293,060</b>

Contributions of services are recognized in the Organization's financial statements only if: (1) the services enhance or create non-financial assets or require specialized skills, (2) are provided by individuals possessing those skills and (3) would typically need to be purchased if not provided by donation. During the year ended June 30, 2019, services, plus related fringe benefits, donated by non-professionals and parents totaled \$235,252. These amounts have not been included in the financial statements.

All donated goods and services were for regular program services. Their value has been calculated using the estimated cost of similar goods and services.

# Community Action of Laramie County

## Notes to Financial Statements

### Note F Donated Goods and Services (Continued)

The grant from the Department of Health and Human Services requires that the Head Start Program match a non-federal share equal to 11.44% as the Organization was granted a waiver from the 20% required of certain federal expenditures. During the fiscal year ended June 30, 2019, the Organization administered a Head Start grant whose program year ended December 31, 2018, the non-federal share for the program year is summarized as follows:

<i>For the program year ended December 31,</i>	2018
Head Start PA20 & PA22	\$ 2,504,215
Non-federal required (11.44% in 2018)	\$ 323,489
Non-federal received	
Cash donation	14,441
Donated goods, professional services and equipment	209,298
Non professional services	235,252
Total non-federal received	\$ 458,991

### Note G Long-Term Notes Payable

Long-term notes payable consist of the following:

<i>June 30,</i>	2019
Note payable to Wyoming Community Development Authority (WCDA); interest at 2%; monthly payments of \$551; matures December 2023; secured by property	\$ 28,432
Note payable to WCDA; interest at 2%; monthly payments of \$81; matures December 2023; secured by property	3,711
Note payable to WCDA; interest at 1%; monthly payments of \$43; matures June 2030; secured by property	5,354
Note payable to WCDA; interest at 0%; monthly payments of \$483; matures June 2035; secured by property	91,833
Deferred note payable to WCDA; interest at 0.0%; no required monthly payments; forgivable if the property purchased with the funds is used for certain purposes through April 2060; secured by property	60,600

# Community Action of Laramie County

## Notes to Financial Statements

### Note G Long-Term Notes Payable (Continued)

Deferred note payable to WCDA; interest at 0.0%; no required monthly payments; forgivable if the property purchased with the funds is used for certain purposes through September 2029; secured by property 87,400

Deferred note payable to WCDA; interest at 0.0%; no required monthly payments; forgivable if the property purchased with the funds is used for certain purposes through January 2024; secured by property 24,360

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Total \$ 301,690

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Long-term debt maturities for years ending June 30 are as follows:

2020	13,265
2021	13,413
2022	13,562
2023	13,692
2024	9,564
Thereafter	<u>238,194</u>
	<u>301,690</u>

### Note H Employee Benefit Plan

The Organization sponsors a defined contribution 401(k) plan. Eligibility for participation in the plan is limited to part-time and full-time, regular employees who exceed 1,000 hours per year and have been employed for a minimum of one year of service. The Organization contributes 3% of the employees' gross salaries, plus match employee contributions up to an additional 3%. Retirement plan expenses for the year ended June 30, 2019, was \$18,640.

### Note I Economic Dependency

The Organization received \$4,106,798 in fiscal year 2019 in grant awards from federal agencies. This represents 76% of total funding for the year audited. These funds are essential for the Organization to continue to meet its contractual obligations. A decrease could impair the Organization's operations.

### Note J Contingency

The Organization participates in a number of federally assisted grant programs that are subject to audit and adjustment by the grantors. The grantor audits of these programs, if any, for or including the year ended June 30, 2019, have not yet been conducted. Accordingly, the Organization's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

## **Supplementary Information**

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## Schedule of Expenditures of Federal Awards

<i>Year Ended June 30, 2019</i>	Grant or Contract	Federal CFDA Number	Total Expenditures
<u>Federal Grantor/Program Title</u>			
<u>U.S. Department of Health and Human Services</u>			
Health Center Program (Community Health Centers, Migrant Health Centers, Healthcare for the Homeless, and Public Housing Primary Care)	H80CS00042-17	93.224	\$ 434,706
Health Center Program (Community Health Centers, Migrant Health Centers, Healthcare for the Homeless, and Public Housing Primary Care)	H80CS00042-18-01	93.224	209,174
Head Start PA 22	08CH1092-05	93.600	1,392,821
Head Start PA22	08CH1092-06	93.600	1,197,190
<u>Passed through Wyoming Department of Health</u>			
Community Services Block Grant	none	93.569	591,854
National Family Caregiver Support, Title III, Part E	none	93.052	16,473
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	none	93.044	33,224
<b>Total U.S. Department of Health and Human Services</b>			<b>3,875,442</b>
<u>U.S. Department of Veteran's Affairs</u>			
VA Homeless Providers Grant and Per Diem Program	CALC887-0040-442-BH-18-0	64.024	115,136
<b>Total U.S. Department of Veteran's Affairs</b>			<b>115,136</b>
<u>U.S. Department of Agriculture</u>			
<u>Passed through the State of Wyoming Department of Education</u>			
Child and Adult Care Food Program	none	10.558	116,219
<b>Total U.S. Department of Agriculture</b>			<b>116,219</b>
<b>Total</b>			<b>\$ 4,106,797</b>

See Independent Auditor's Report.

# Community Action of Laramie County

## Notes to Schedule of Expenditures of Federal Awards

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### **Note A Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Action of Laramie County, Inc. (the Organization), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

### **Note B Indirect Cost Rate**

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. The Organization has a provisional, federally negotiated indirect cost rate of 9.3%.

### **Note C Subrecipients**

The Organization does not have subrecipients or subrecipient expenditures.

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**Independent Auditor's 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***

Board of Directors  
Community Action of Laramie County  
Cheyenne, Wyoming

We have audited, in accordance with auditing standards generally accepted in the United States 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 of Laramie County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 8, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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*.

## **Responses to Findings**

Community Action of Laramie County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Community Action of Laramie County's response was not subjected to the audit 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 entity'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.

Wipfli LLP

Billings, Montana  
March 8, 2019

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## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors  
Community Action of Laramie County  
Cheyenne, Wyoming

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

We have audited Community Action of Laramie 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 of Laramie County's major federal programs for the year ended June 30, 2019. Community Action of Laramie County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Community Action of Laramie 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; 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 of Laramie 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 on Community Action of Laramie County's compliance.

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

In our opinion, Community Action of Laramie County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2019.

## Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-002 and 2019-003. Our opinion on each major federal program is not modified with respect to these matters.

Community Action of Laramie County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Action of Laramie County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Management of Community Action of Laramie 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 of Laramie County's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 or 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 of Laramie 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. We consider the deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-002, to be a significant deficiency.

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.

Wipfli LLP

Billings, MT  
March 8, 2019

# Community Action of Laramie County

## Schedule of Findings and Questioned Costs

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### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued:		Unmodified		
Internal control over financial reporting:				
Material weakness(es) identified?	_____	Yes	___X___	No
Significant deficiency(ies) identified not considered to be material weaknesses?	___X___	Yes	_____	No
Noncompliance material to the financial statements noted?	_____	Yes	___X___	No

#### Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	___X___	No
Significant deficiency(ies) identified not considered to be material weaknesses?	___X___	Yes	_____	No
Type of auditor's report issued on compliance for major programs:				
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___X___	Yes	_____	No

#### Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Is the auditee qualified as a low-risk auditee?	_____ Yes    ___X___ No

# Community Action of Laramie County

## Schedule of Findings and Questioned Costs

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### Section II - Financial Statement Findings

#### 2019-001 Journal Entries

Criteria or Specific Requirement: Internal controls are designed to safeguard assets and help prevent loss from employee dishonesty or error. A fundamental concept in an adequate system of internal control is the segregation of duties in regards to the adjusting journal entry process.

Condition: Manual adjustments keyed to the accounting system during the fiscal year had no supervisory review or approval.

Context: We selected 25 manual adjusting journal entries throughout the fiscal year to verify a review control was in place. While some entries were informally reviewed, there was no evidence of an explicit review procedure taking place.

Effect: Unapproved transactions in the system could lead to misstated amounts, undetected material errors, misleading information provided to management, and an increased risk of misappropriation of assets.

Cause: There is no explicit evidence of review of manual adjusting journal entries.

Auditor's Recommendation: We recommend the Organization implement journal entry review procedures which involve review by an individual with adequate understanding of the accounting system. This procedure should be evidenced by a identifiable sign off.

View of Responsible Official: Management agrees with the finding and will be instituting a manual adjustment review process.

# Community Action of Laramie County

## Schedule of Findings and Questioned Costs

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

#### 2019-002 Reporting

Funding Agency: U.S. Department of Health and Human Services

Title: Head Start

CFDA Number: 93.600

Criteria or Specific Requirement: The grant awards associated with Head Start programs require the quarterly SF-425 reports to include information on period drawdowns, expenditures, match, program income, and indirect costs.

Condition: The Organization filed an inaccurate report which was later amended after the due date.

Context: During the audit, we reviewed two of the SF-425 reports. We noted that the reports were timely filed within the reporting deadline. We noted one report did not match the underlying financial data.

Questioned Costs: To be determined by grantor.

Effect: The applicable federal agency could withhold future reimbursement of expenditures incurred under the awards until corrected reports are submitted.

Cause: The absence of meeting the applicable reporting requirements is largely due to key employee turnover within the financial positions. The Organization also lacks adequate processes related to reconciling underlying activity to the reports.

Auditor's Recommendations: We recommend that the Organization train employees and institute processes to ensure financial report submissions are accurate.

View of Responsible Official:

# Community Action of Laramie County

## Schedule of Findings and Questioned Costs

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### 2019-003 Special Reporting

Funding Agency: U.S. Department of Health and Human Services

Title: Head Start

CFDA Number: 93.600

Criteria or Specific Requirement: The grant awards associated with Head Start programs require the Head Start agency to publish and make available to the public a prescribed financial report at least once each fiscal year. The report is required to include (a) the total amount of public and private funds received and the amount from each source; (b) an explanation of budgetary expenditures and proposed budget for the fiscal year; and (c) the financial audit. These requirements are outlined in 42 USC 9839(a)(2)(A), (B), and (D).

Condition: No financial report was prepared or published for public access.

Context: During the audit, we reviewed financial informational reports and made inquiries of key personnel within the Head Start agency. The Organization had not prepared or published the required financial report in the prescribed form.

Questioned Costs: To be determined by grantor.

Effect: The applicable federal agency could withhold future reimbursement of expenditures incurred under the awards if special reporting requirements are not fulfilled.

Cause: The absence of meeting the applicable special reporting requirements is largely due to key employee turnover within the financial positions. The Organization also lacks adequate processes related to special reporting requirements.

Auditor's Recommendations: We recommend that the Organization train employees and institute processes to ensure special reporting requirements are addressed and complied with.

View of Responsible Official:

### Section IV - Prior Year Audit Findings

2018-001	Implemented
2018-002	Implemented
2018-003	Implemented
2018-004	Partially implemented; restated as 2019-002
2018-005	Implemented