

Community Action of Laramie County

Financial Statements and Supplementary Information

Year ended June 30, 2018



WIPFLI^{LLP}
CPAs and Consultants

Community Action of Laramie County

Year Ended June 30, 2018

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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, 2018, and the related statements of activities and changes in net assets 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, 2018, 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 functional expenses 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 presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements.

The schedule of functional expenses and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 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 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

Wipfli LLP

Billings, Montana

March 8, 2019

Community Action of Laramie County

Statement of Financial Position

<i>June 30,</i>	2018
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 723,750
Grant receivable	156,626
Accounts receivable	12,266
Prepaid expenses	37,488
Total current assets	930,130
Property and equipment:	
Property and equipment, net of accumulated depreciation	1,378,088
Total assets	\$ 2,308,218
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$ 84,029
Accrued expenses	201,320
Accrued annual leave	56,303
Security deposits	7,885
Deferred revenue	224,820
Current portion of long-term debt	75,405
Total current liabilities	649,762
Other liabilities:	
Long-term debt, net of current portion	370,075
Total liabilities	1,019,837
Net assets:	
Unrestricted	1,277,932
Temporarily Restricted	10,449
Total net assets	1,288,381
Total liabilities and net assets	\$ 2,308,218

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>	2018
Unrestricted Net Assets	
Revenues and support	
Grants and contracts	\$ 4,310,953
Program revenue	244,682
Donated goods and services	225,186
Contributions	1,566
Gain on sale of assets	103,469
Interest	264
Other revenue	40,791
Released from restrictions	18,874
Total unrestricted revenues and support	4,945,785
Expenses	
Program services	4,501,181
Management and support	402,646
Fundraising	39,981
Total unrestricted expenses	4,943,808
Change in unrestricted net assets	1,977
Temporarily Restricted Net Assets	
Revenues and support	
Contributions	29,323
Released from restrictions	(18,874)
Total temporarily restricted revenues and support	10,449
Change in temporarily restricted net assets	10,449
Change in net assets	12,426
Net assets, beginning of year, as previously reported	1,332,258
Prior period adjustment	(56,303)
Balance at beginning of year, as restated	1,275,955
Net assets, end of year	\$ 1,288,381

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>	2018
Cash flows from operating activities:	
Change in net assets	\$ 12,426
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	136,064
Gain on disposal of property, plant and equipment	(103,469)
(Increase) decrease in:	
Grants receivable	(33,225)
Accounts receivable	(8,738)
Prepaid expenses	13,153
Increase (decrease) in:	
Accounts payable	52,030
Accrued expenses	79,790
Security deposits	(3,561)
Deferred revenue	(49,013)
Net cash flow from operating activities	95,457
Cash flows from investing activities:	
Proceeds on sales of property and equipment	545,458
Purchases of property and equipment	(39,781)
Net cash flow from investing activities	505,677
Cash flows from financing activities:	
Repayment of debt	(321,833)
Net cash flow from financing activities	(321,833)
Net change in cash	279,301
Cash, beginning of year	444,449
Cash, end of year	\$ 723,750
Supplemental disclosure of cash flow information:	
Cash paid for interest	\$ 22,043

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

Community Action of Laramie County

Notes to Financial Statements

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, 2018:

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.

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:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted 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), temporarily restricted net assets are reclassified to unrestricted net assets 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.

Community Action of Laramie County

Notes to Financial Statements

Note B Summary of Significant Accounting Policies (Continued)

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, 2018.

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

Community Action of Laramie County

Notes to Financial Statements

Note B Summary of Significant Accounting Policies (Continued)

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.

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 \$16,787 and for the year ended June 30, 2018.

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.

Community Action of Laramie County

Notes to Financial Statements

Note B Summary of Significant Accounting Policies (Continued)

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.

On August 18, 2016, the FASB issued ASU 2016-14 (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities ("Updated"). The Update reduces the number of asset classes from three to two, those with donor restriction and those without, requires all nonprofits to report expenses by nature and function, and improves information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments in this Update is permitted. The Organization has elected not to early implement the amendments.

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.

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 Property and Equipment

A summary of changes in property and equipment for the years ended June 30, 2018, is as follows:

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Property and equipment being depreciated at cost:				
Vehicles	\$ 663,426	\$ -	\$ -	\$ 663,426
Furniture and equipment	218,607	-	(83,609)	134,998
Buildings and improvements	2,191,745	-	(427,884)	1,763,861
	3,073,778	-	(511,493)	2,562,285
Other property and equipment:				
Land	557,700	-	(203,811)	353,889
Construction in progress	-	39,781	-	39,781
Total property and equipment	3,631,478	39,781	(715,304)	2,955,955
Less accumulated depreciation	(1,715,118)	(136,064)	273,315	(1,577,867)
Total property and equipment, net of depreciation	\$ 1,916,360			\$ 1,378,088

Note D 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, 2018, was \$176,288. Future minimum lease commitments as of June 30, 2018, are as follows:

Years Ended June 30,	Lease Payments
2019	\$ 83,628
2020	66,503
2021	4,869
2022	3,216
2023	1,072
Total	\$ 159,288

Community Action of Laramie County

Notes to Financial Statements

Note E Donated Goods and Services

Donated goods and services for the year ended June 30, 2018, are as follows:

	2018
Occupancy / utilities	\$ 90,050
Materials and supplies	8,848
Professional services	126,288
Total	\$ 225,186

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, 2018, services, plus related fringe benefits, donated by non-professionals and parents totaled \$353,099. 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.

The grant from the Department of Health and Human Services requires that the Head Start Program match a non-federal share equal to 20% of certain federal expenditures. During the fiscal year ended June 30, 2018, the Organization administered a Head Start grant whose program year ended December 31, 2017, the non-federal share for the program year is summarized as follows:

<i>For the program year ended December 31,</i>	2017
Head Start PA20 & PA22	\$ 2,247,045
Non-federal required (20% in 2017)	\$ 561,761
Non-federal received	
Cash donation	26,858
Donated goods, professional services and equipment	202,639
Non professional services	335,913
Total non-federal received	\$ 565,410

Community Action of Laramie County

Notes to Financial Statements

Note F Long-Term Notes Payable

Long-term notes payable consist of the following:

<i>June 30,</i>	2018
Note payable to Wyoming Community Development Authority (WCDA); interest at 2%; monthly payments of \$551; matures December 2023; secured by property	\$ 34,411
Note payable to WCDA; interest at 2%; monthly payments of \$81; matures December 2023; secured by property	4,596
Note payable to WCDA; interest at 1%; monthly payments of \$43; matures June 2030; secured by property	5,812
Note payable to Meridian Trust Federal Credit Union; interest at 5.5%; monthly payments of \$1,283; matures July 2024; secured by property	79,623
Note payable to WCDA; interest at 0%; monthly payments of \$483; matures June 2035; secured by property	97,632
Note payable to US Bank; interest at 4.75%; monthly payments of \$1,027; matures February 2023; secured by property	51,046
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
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
Total	\$ 445,480

Community Action of Laramie County

Notes to Financial Statements

Note F Long-Term Notes Payable (Continued)

Long-term debt maturities are as follows:

2019	75,405
2020	25,137
2021	25,952
2022	26,809
2023	27,680
Thereafter	<u>264,497</u>
	<u>445,480</u>

Subsequent to the fiscal year ended June 30, 2018, the Organization paid the remaining balance on the US Bank note. As such, the remaining balance is shown in the current portion of long term debt.

Note G 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, 2018, was \$62,379.

Note H Economic Dependency

The Organization received \$3,799,738 in fiscal year 2018 in grant awards from federal agencies. This represents 77% 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 I 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, 2018, 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.

Community Action of Laramie County

Notes to Financial Statements

Note J Restatement of Previously Issued Financial Statement

The financial statements as of and for the year ended June 30, 2018, have been restated to correct an error that was detected during the audit for the year ended June 30, 2018.

During a previous fiscal year, the Organization did not record a liability for accrued annual leave. During the fiscal year ended June 30, 2018, management of the Organization decided to reflect the liability in the financial statements. The effect was to record a liability of \$56,303 and decrease net assets by the same amount.

Supplementary Information

Community Action of Laramie County

Schedule of Functional Expenses

<i>Year Ended June 30, 2018</i>	Program Services	Management and Support	Fundraising	Total
Advertising	\$ 12,618	\$ 743	\$ 3,426	\$ 16,787
Contract services	246,170	140,970	3,386	390,526
Dues and subscriptions	24,381	4,419	-	28,800
Emergency assistance	606,970	-	-	606,970
Health insurance	384,634	29,865	3,485	417,984
Equipment costs	58,020	1,844	456	60,320
In-kind expense	225,186	-	-	225,186
Insurance - professional	58,943	9,680	401	69,024
Interest expense	22,043	-	-	22,043
Meetings	2,969	2,086	-	5,055
Miscellaneous expense	11,032	4,160	1,894	17,086
Payroll taxes	274,977	26,290	2,183	303,450
Printing and postage	3,496	1,218	166	4,880
Rent	173,888	2,400	-	176,288
Repairs and maintenance	34,602	4,050	-	38,652
Retirement plan contributions	53,312	8,425	642	62,379
Salaries and wages	1,699,699	159,959	17,882	1,877,540
Supplies	256,901	4,392	5,943	267,236
Training	54,745	1,651	-	56,396
Travel	28,646	494	107	29,247
Utilities and Telephone	89,498	-	-	89,498
Vehicle expense	42,387	-	10	42,397
Total expenses before depreciation	4,365,117	402,646	39,981	4,807,744
Depreciation	136,064	-	-	136,064
Total expenses	\$ 4,501,181	\$ 402,646	\$ 39,981	\$ 4,943,808

See Independent Auditor's Report.

Community Action of Laramie County

Schedule of Expenditures of Federal Awards

<i>Year Ended June 30, 2018</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 (Health Care for the Homeless)	none	93.224	\$ 42,462
Health Center Program (Health Care for the Homeless)	H80CS00042-17	93.224	468,752
Health Center Program (Health Care for the Homeless)	H80CS00042-16	93.224	282,342
Head Start PA22	08CH1092-04	93.600	1,304,943
Head Start PA22	08CH1092-05	93.600	989,004
 <u>Passed through Wyoming Department of Health</u>			
Community Services Block Grant	none	93.569	519,097
National Family Caregiver Support, Title III, Part E	JS-2017-104	93.052	47,393
<hr/> Total U.S. Department of Health and Human Services			<hr/> 3,653,993
 <u>U.S. Department of Veteran's Affairs</u>			
VA Homeless Providers Grant and Per Diem Program	CALC887-0040- 442-BH-17	64.024	118,283
<hr/> Total U.S. Department of Veteran's Affairs			<hr/> 118,283
 <u>U.S. Department of Agriculture</u>			
<u>Passed through the State of Wyoming Department of Education</u>			
Child and Adult Care Food Program	1161006	1 10.558	128,660
<hr/> Total U.S. Department of Agriculture			<hr/> 128,660
<hr/> Total			<hr/> \$ 3,900,936 <hr/>

See Independent Auditor's Report.

Community Action of Laramie County

Notes to Schedule of Expenditures of Federal Awards

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 11.20%.

Note C Subrecipients

The Organization does not have subrecipients or subrecipient expenditures.



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, 2018, and the related statements of activities and changes in net assets, 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies: 2018-001 and 2018-002.

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



Independent Auditor's Report on Compliance for Each Major Federal 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, 2018. 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.

Basis for Qualified Opinion on CFDA 93.600 Head Start

As described in the accompanying schedule of findings and questioned costs, Community Action of Laramie County did not comply with requirements regarding CFDA 93.600 Head Start as described in finding number 2018-003 for Cash Management. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 93.600 Head Start

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" paragraph, 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 CFDA 93.600 Head Start for the year ended June 30, 2018.

Unmodified Opinion on Compliance for Each of the Other Major Federal Programs

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 other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

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 2018-004 and 2018-005. 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, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2018-004 and 2018-005, to be significant deficiencies

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

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

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?	___X___	Yes	_____	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:				Qualified
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
93.224	Health Center Program (Health Care for the Homeless)

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

Section II - Financial Statement Findings

2018-001 Audit Adjustments

Criteria or Specific Requirement: An internal control structure should be designed to identify adjusting journal entries, which are significant to an Organization's financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP).

Condition: As part of our audit, a number of adjustments were proposed and recorded, significant in the aggregate, to properly state the financial statements in accordance with GAAP.

Context: During our audit, we identified various adjustments were necessary across many different account balances.

Effect: We drafted several significant adjustments during the audit in order for balances to be materially correct.

Cause: Significant account balances were not reconciled to supporting detail.

Auditor's Recommendation: We recommend that the Organization establish internal control procedure to ensure that complete and accurate information is available in a timely manner to properly record transactions in accordance with GAAP. These policies and procedures would include processes to ensure that all financial statement balances are properly communicated and supported by accurate records, balances are adjusted to the proper amounts, and reconciliations are performed as necessary.

View of Responsible Official: Community Action of Laramie County management will continue working to establish a year-end close process to identify and record all necessary adjusting journal entries for financial statements to be stated on an accrual basis. Modifications to the accounting software and tighter coding control will allow for better adherence to GAAP.

Community Action of Laramie County

Schedule of Findings and Questioned Costs

2018-002 Segregation of Duties

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.

Condition: Organization personnel were responsible for performing incompatible duties related to cash disbursements and recordkeeping functions.

Context: The Fiscal Assistant was responsible for receipting invoices, preparation of cash disbursements, and entering invoices into the general ledger system.

Effect: The Organization's management increases the risk of asset misappropriation by not segregating employee functions within departments.

Cause: The Organization's management has not evaluated the risk associated with allowing key employees to have unrestricted access and perform multiple functions within the same functional department.

Auditor's Recommendation: We recommend that the Organization designate separate individuals for the different cash disbursements and recordkeeping duties.

View of Responsible Official: Community Action of Laramie County hired a new Fiscal Clerk in July of 2017. In August of 2018, a contract accountant was hired to revise the agency's Finance and Accounting Policies and Procedures manual. Additional segregation of duties are outline in the manual.

Community Action of Laramie County

Schedule of Findings and Questioned Costs

Section III - Federal Award Findings and Questioned Costs

2018-003 Cash Management

Funding Agency: United States Department of Health and Human Services (HHS)

Title: Head Start

CFDA Number: 93.600

Criteria or Specific Requirement:

Condition: The Organization recorded draws and deferred amounts from previous years which were never earned.

Context: During the audit, we reviewed grant draws and compared grant revenues to grant expenses. We noted \$156,167 drawn in excess of grant expenditures from previous years due to the accounting system double-claiming payroll liabilities.

Questioned Costs: To be determined by grantor.

Effect: Grant funds were drawn without corresponding grant expenditures. The applicable federal agency could withhold future reimbursement of expenditures and/or decrease future award amounts.

Cause: The Organization has not implemented sufficient reconciliation controls over grant receipts and matching expenditures.

Auditor's Recommendations: We recommend that the Organization put into place a process for reconciliation of grant expenses, grant revenues, and related receivable and deferred amounts.

View of Responsible Official: Previously, Community Action of Laramie County did not have a Fiscal officer with the correct skill sets to perform job duties with accuracy. In March 2018, the agency engaged a contract accountant with over 25 years of GAAP accounting experience to assist the agency during the transition to a new full time Fiscal Officer. In June 2018, a CPA was hired. Both the CPA and contract accountant have been working to correct issues from the previous Fiscal Officer's time at the agency.

Community Action of Laramie County

Schedule of Findings and Questioned Costs

2018-004 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 incomplete reports by excluding certain information.

Context: During the audit, we reviewed two of the SF-425 reports. We noted that the reports accurately matched the underlying financial data, but failed to include information regarding match, program income, or indirect costs. We noted both reports examined were filed timely.

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 or until the required reports are submitted, as applicable.

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 review processes related to reporting.

Auditor's Recommendations: We recommend that the Organization ensure that adequate documentation is maintained to support amounts included on financial reports. In addition, we recommend the Organization implement review procedures to ensure that reports are filed with all required information.

View of Responsible Official: Previously, Community Action of Laramie County did not have a Fiscal officer with the correct skill sets to perform job duties with accuracy. In March 2018, the agency engaged a contract accountant with over 25 years of GAAP accounting experience to assist the agency during the transition to a new full time Fiscal Officer. In June 2018, a CPA was hired. Both the CPA and contract accountant have been working to correct issues from the previous Fiscal Officer's time at the agency.

Community Action of Laramie County

Schedule of Findings and Questioned Costs

2018-005 Reporting

Funding Agency: U.S. Department of Health and Human Services
Title: Health Center Program (Health Care for the Homeless)
CFDA Number: 93.224

Criteria or Specific Requirement: The grant awards associated with Health Center Program requires the quarterly SF-425 reports to include information on period drawdowns, expenditures, match, program income, and indirect costs.

Condition: The Organization filed incomplete reports by excluding certain information.

Context: During the audit, we reviewed two of the SF-425 reports. We noted that the reports accurately matched the underlying financial data, but failed to include information regarding match, program income, or direct costs. We noted both reports examined were filed timely.

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 or until the required reports are submitted, as applicable.

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 review processes related to reporting.

Auditor's Recommendations: We recommend that the Organization ensure that adequate documentation is maintained to support amounts included on financial reports. In addition, we recommend the Organization implement review procedures to ensure that reports are filed with all required information.

View of Responsible Official: Previously, Community Action of Laramie County did not have a Fiscal officer with the correct skill sets to perform job duties with accuracy. In March 2018, the agency engaged a contract accountant with over 25 years of GAAP accounting experience to assist the agency during the transition to a new full time Fiscal Officer. In June 2018, a CPA was hired. Both the CPA and contract accountant have been working to correct issues from the previous Fiscal Officer's time at the agency.

Section IV - Prior Year Audit Findings

2017-001	Restated as 2018-001
2017-002	Restated as 2018-002
2017-003	Implemented
2017-004	Implemented
2017-005	Restated as 2018-004