

*Hampton Roads Community
Action Program, Inc.*

FINANCIAL REPORT
JUNE 30, 2017 AND 2016

Hampton Roads Community Action Program, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hampton Roads Community Action Program, Inc.
Newport News, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the Hampton Roads Community Action Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, and cash flows for the years 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

The Hampton Roads Community Action Program Inc.'s financial statements capitalize fixed assets purchased with Head Start grant monies and establish an offsetting valuation allowance. They do not record depreciation expense or the related accumulated depreciation in the financial statements. Quantification of the effects on the financial statements of this practice is not practicable.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Hampton Roads Community Action Program, Inc. as of June 30, 2017 and 2016, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information, which is summarized for the year ended June 30, 2016, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2018 our consideration of the Hampton Roads Community Action Program, Inc.'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 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 Hampton Roads Community Action Program Inc.'s internal control over financial reporting and compliance.

A. Rohm, Smith & Company

Newport News, Virginia

February 5, 2018

FINANCIAL STATEMENTS

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Statements of Financial Position

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,518,097	\$ 1,155,331
Accounts receivable	1,749	-
Grants receivable	<u>805,591</u>	<u>1,066,097</u>
Total current assets	<u>2,325,437</u>	<u>2,221,428</u>
FIXED ASSETS		
Real estate	554,316	554,316
Leasehold improvements	250,000	250,000
Equipment	585,371	521,768
Furniture & fixtures	417,922	417,922
Automotive equipment	<u>1,878,066</u>	<u>1,878,066</u>
Total fixed assets	<u>3,685,675</u>	<u>3,622,072</u>
Total assets	<u>\$ 6,011,112</u>	<u>\$ 5,843,500</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 423,612	\$ 323,384
Accrued salaries	348,261	329,358
Accrued annual leave	<u>166,646</u>	<u>148,752</u>
Total current liabilities	938,519	801,494
FIXED ASSET VALUATION ALLOWANCE	<u>3,685,675</u>	<u>3,622,072</u>
Total liabilities	4,624,194	4,423,566
UNRESTRICTED NET ASSETS	<u>1,386,918</u>	<u>1,419,934</u>
Total liabilities and net assets	<u>\$ 6,011,112</u>	<u>\$ 5,843,500</u>

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
 Statement of Activities and Changes in Net Assets
 Year Ended June 30, 2017

	Head Start/ Early 0 Programs	Summer Feeding Program	Virginia Department of Social Services Programs	Redevelopment & Housing Programs	Department of Veterans Affairs	U. S. Housing & Urban Development	Childcare Program	Other Programs	HRCAP Agency Programs	Total
SUPPORT										
Grants awarded										
Federal government	\$ 12,473,731	\$ -	\$ 749,218	\$ 36,500	\$ 247,090	\$ 12,661	\$ -	\$ 46,224	\$ -	\$ 13,565,424
State government	-	-	30,000	-	-	-	226,550	41,800	-	298,350
Local government	-	-	-	-	-	-	-	89,580	200,000	289,580
Private grants	-	-	23,000	15,000	2,500	-	-	164,594	-	205,094
Total support	<u>12,473,731</u>	<u>-</u>	<u>802,218</u>	<u>51,500</u>	<u>249,590</u>	<u>12,661</u>	<u>226,550</u>	<u>342,198</u>	<u>200,000</u>	<u>14,358,448</u>
REVENUE										
Donations	39,089	-	275	-	-	-	-	535	9,219	49,118
Interest income	-	-	-	-	-	-	-	-	505	505
Other revenue	7,415	-	4,550	-	-	-	1,508	4,449	88,415	106,337
In-kind revenue	1,736,815	-	302,091	11,818	-	-	-	520	-	2,051,244
Total revenue	<u>1,783,319</u>	<u>-</u>	<u>306,916</u>	<u>11,818</u>	<u>-</u>	<u>-</u>	<u>1,508</u>	<u>5,504</u>	<u>98,139</u>	<u>2,207,204</u>
Total unrestricted support and revenue	<u>14,257,050</u>	<u>-</u>	<u>1,109,134</u>	<u>63,318</u>	<u>249,590</u>	<u>12,661</u>	<u>228,058</u>	<u>347,702</u>	<u>298,139</u>	<u>16,565,652</u>
EXPENSES										
Program services:										
Salary and wages	6,571,111	-	372,111	41,851	115,572	16,935	166,105	169,541	91,801	7,545,027
Fringe benefits	2,198,880	-	133,599	11,148	23,874	4,986	41,817	39,257	21,493	2,475,054
Contractual	106,851	-	28,405	-	-	-	1,441	1,525	63,522	201,744
Travel	335,545	-	4,730	-	1,521	-	105	11,948	12,685	366,534
Rent	607,173	-	13,501	-	-	-	-	3,714	338	624,726
Building maintenance	214,504	-	39,689	-	-	-	-	3,606	9,570	267,369
Consumable supplies	870,882	-	9,329	1,739	3,266	-	5,370	21,900	29,569	942,055
Emergency services	-	-	60,338	-	83,845	-	-	-	41	144,224
Equipment maintenance	-	-	-	-	-	-	-	-	3,125	3,125
Other costs	533,447	-	77,915	646	12,789	1,151	13,220	76,853	41,546	757,567
In-kind expense	1,736,815	-	302,091	11,818	-	-	-	520	-	2,051,244
Total program services	<u>13,175,208</u>	<u>-</u>	<u>1,041,708</u>	<u>67,202</u>	<u>240,867</u>	<u>23,072</u>	<u>228,058</u>	<u>328,864</u>	<u>273,690</u>	<u>15,378,669</u>
Support services:										
General and administrative expenses	1,142,386	-	62,230	-	15,383	-	-	-	-	1,219,999
Total expenses	<u>14,317,594</u>	<u>-</u>	<u>1,103,938</u>	<u>67,202</u>	<u>256,250</u>	<u>23,072</u>	<u>228,058</u>	<u>328,864</u>	<u>273,690</u>	<u>16,598,668</u>
Changes in net assets	(60,544)	-	5,196	(3,884)	(6,660)	(10,411)	-	18,838	24,449	(33,016)
NET ASSETS										
Beginning	-	(122,107)	2,374	10,544	-	-	(15,509)	8,618	1,536,014	1,419,934
Transfer	-	122,107	-	-	-	-	15,509	-	(137,616)	-
Ending	<u>\$ (60,544)</u>	<u>\$ -</u>	<u>\$ 7,570</u>	<u>\$ 6,660</u>	<u>\$ (6,660)</u>	<u>\$ (10,411)</u>	<u>\$ -</u>	<u>\$ 27,456</u>	<u>\$ 1,422,847</u>	<u>\$ 1,386,918</u>

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
 Statement of Activities and Changes in Net Assets
 Year Ended June 30, 2016

	Head Start Program	Summer Feeding Program	Virginia Department of Social Services Programs	Redevelopment & Housing Programs	Department of Veterans Affairs	U. S. Housing & Urban Development	Childcare Program	Other Programs	HRCAP Agency Programs	Total
SUPPORT										
Grants awarded										
Federal government	\$ 12,098,628	\$ 35,727	\$ 527,892	\$ 36,660	\$ 293,446	\$ 11,926	\$ -	\$ 23,500	\$ -	\$ 13,027,779
State government	-	-	141,284	-	-	-	217,488	25,000	-	383,772
Local government	-	-	-	-	-	-	-	113,720	200,000	313,720
Private grants	-	-	30,000	-	-	-	-	92,833	-	122,833
Total support	<u>12,098,628</u>	<u>35,727</u>	<u>699,176</u>	<u>36,660</u>	<u>293,446</u>	<u>11,926</u>	<u>217,488</u>	<u>255,053</u>	<u>200,000</u>	<u>13,848,104</u>
REVENUE										
Donations	-	-	-	150	-	-	-	111	2,947	3,208
Interest income	-	-	-	-	-	-	-	-	1,641	1,641
Other revenue	46,657	-	4,162	-	-	-	-	-	60,096	110,915
In-kind revenue	1,667,033	-	305,399	21,054	-	-	-	-	-	1,993,486
Total revenue	<u>1,713,690</u>	<u>-</u>	<u>309,561</u>	<u>21,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111</u>	<u>64,684</u>	<u>2,109,250</u>
Total unrestricted support and revenue	<u>13,812,318</u>	<u>35,727</u>	<u>1,008,737</u>	<u>57,864</u>	<u>293,446</u>	<u>11,926</u>	<u>217,488</u>	<u>255,164</u>	<u>264,684</u>	<u>15,957,354</u>
EXPENSES										
Program services:										
Salary and wages	6,368,178	21,343	267,313	30,084	154,973	10,810	158,538	131,566	55,690	7,198,495
Fringe benefits	2,101,294	2,897	96,285	7,110	29,287	1,116	44,745	31,810	13,398	2,327,942
Contractual	79,876	55	42,480	-	600	-	825	6,818	197,110	327,764
Travel	251,268	910	3,894	-	1,172	-	-	9,567	7,703	274,514
Rent	600,859	-	12,600	-	-	-	-	4,003	556	618,018
Building maintenance	195,837	-	32,900	1,389	-	-	-	1,425	16,850	248,401
Consumable supplies	913,766	40,458	17,049	1,088	2,661	-	4,013	13,182	12,255	1,004,472
Emergency services	-	-	-	-	93,260	-	-	-	-	93,260
Equipment maintenance	57,374	6,443	2,806	-	-	-	-	-	19,000	85,623
Other costs	540,686	981	164,251	1,445	11,643	-	9,367	31,223	64,275	823,871
In-kind expense	1,667,033	-	305,399	21,054	-	-	-	-	-	1,993,486
Total program services	<u>12,776,171</u>	<u>73,087</u>	<u>944,977</u>	<u>62,170</u>	<u>293,596</u>	<u>11,926</u>	<u>217,488</u>	<u>229,594</u>	<u>386,837</u>	<u>14,995,846</u>
Support services:										
General and administrative expenses	1,036,147	-	61,386	-	-	-	-	-	-	1,097,533
Total expenses	<u>13,812,318</u>	<u>73,087</u>	<u>1,006,363</u>	<u>62,170</u>	<u>293,596</u>	<u>11,926</u>	<u>217,488</u>	<u>229,594</u>	<u>386,837</u>	<u>16,093,379</u>
Changes in net assets	-	(37,360)	2,374	(4,306)	(150)	-	-	25,570	(122,153)	(136,025)
NET ASSETS										
Beginning	-	(84,747)	-	15,000	-	-	(15,509)	6,620	1,634,595	1,555,959
Transfer	-	-	-	-	-	-	-	(23,572)	23,572	-
Ending	<u>\$ -</u>	<u>\$ (122,107)</u>	<u>\$ 2,374</u>	<u>\$ 10,694</u>	<u>\$ (150)</u>	<u>\$ -</u>	<u>\$ (15,509)</u>	<u>\$ 8,618</u>	<u>\$ 1,536,014</u>	<u>\$ 1,419,934</u>

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (33,016)	\$ (136,025)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net changes in assets and liabilities:		
Prepaid expense	-	10,905
Grants receivable	260,506	(75,138)
Accounts receivable	(1,749)	-
Accounts payable	100,228	111,543
Accrued salaries	18,903	(24,443)
Accrued annual leave	17,894	(6,508)
	<u>362,766</u>	<u>(119,666)</u>
Net cash provided by (used in) operating activities	<u>362,766</u>	<u>(119,666)</u>
Net increase (decrease) in cash	362,766	(119,666)
CASH		
Beginning	<u>1,155,331</u>	<u>1,274,997</u>
Ending	<u>\$ 1,518,097</u>	<u>\$ 1,155,331</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Purchases of fixed assets which are expensed	<u>\$ 65,807</u>	<u>\$ 106,450</u>

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Hampton Roads Community Action Program, Inc. (HRCAP) is a nonprofit Organization organized to carry out community action programs, which are generally funded by grants from Federal, State and local governments.

A description of the activities of HRCAP follows:

<p align="center">Head Start and Early Head Start Programs</p>	<p>The Head Start and Early Head Start programs provide comprehensive health, educational, nutritional, social, and other developmental services to preschool children, infants and toddlers.</p>
<p align="center">Summer Feeding Program</p>	<p>The Summer Feeding Program provides meals to youth ages 1 through 18 during the summer months similar to those offered under the National School Lunch and School Breakfast programs during the school year. This program was discontinued June 30, 2016.</p>
<p align="center">Virginia Department of Social Services Programs</p>	<p>The Community Services Block Grants provide administrative costs to operate other programs offered by HRCAP as well as the Senior Center, which encourages participation in recreational, educational, nutritional and cultural activities.</p> <p>The Project Discovery program assists middle and high school students to reach a higher level of personal motivation and assists in setting and achieving educational goals.</p> <p>The Virginia Cares program assists individuals recently released from the prison system to gain re-entry into society.</p>
<p align="center">Redevelopment & Housing Programs</p>	<p>The Fair Housing program receives, examines and inquires into alleged violations of the City's Fair Housing ordinance.</p> <p>The Housing Counseling program provides home ownership education including qualifying and applying for a loan, debt and money management, budgeting and default counseling.</p> <p>The Clean Comfort program provides a shelter with shower facilities, clean clothing and health care screening for the homeless population.</p>

(Continued)

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Department of Veterans Affairs	The Supportive Services for Veterans' Families Program assists low income veterans and their families with housing needs.
Housing and Urban Development	The Housing and Urban Development grant is used to fund housing counseling, fair housing initiatives, and shelter programs.
Childcare Programs	The Childcare program is the four-Year Old Initiative Program.
Other Programs	<p>The Work Experience program is a work and training activity where low-income recipients gain experience through on-the-job training.</p> <p>The Riverside Teen Moms Support Group program addresses the needs of pregnant teens to reduce infant mortality.</p> <p>VHDA Reach is a program designed to help Virginians attain quality affordable housing.</p> <p>The Wells Fargo Career Development/Training and Employment Program provide low-income individuals with short-term career education programs in various fields.</p> <p>The Human Rights Commission safeguards individuals from unlawful discrimination.</p> <p>The Virginia Community Action Partnership program provides money to hire individuals to assist with individual income tax returns and assists taxpayers in claiming the earned income tax credit.</p>
HRCAP Agency Programs	HRCAP Agency programs provide administrative services to all of the programs.

Concentrations of Credit Risk

Financial instruments, which potentially subject the entity to concentrations of credit risk, consist of cash and money market funds. The entity places its cash and money market funds with creditworthy, high-quality financial institutions. While a significant portion of the funds are in excess of federal depository insurance limits, the Organization has not experienced any losses in such accounts.

(Continued)

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

All fixed assets are recorded at cost or estimated fair value at date of donation. It is HRCAP's policy to capitalize expenditures for items in excess of \$500 with the exception of fixed assets purchased with federal money, which are capitalized if they are in excess of \$5,000 with an offsetting valuation allowance established at the time they are recorded as fixed assets.

Public Support and Revenue

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the assets. When a donor 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 as net assets released from restrictions. Donor-restricted contributions, whose restrictions are met in the same year, are reported as unrestricted contributions.

Donated services, facilities and materials are recognized at their fair market value as in-kind revenue in the year donated.

Government Support

Grant revenue provided by the federal, state and local governments and agencies as well as local contributions represent approximately 99% of the revenue and support, exempting in-kind revenue. Any significant reduction in the level of this support could have a negative impact on the entity's programs.

Functional Allocation of Expenses

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the relevant period. Actual results could differ from the estimates. HRCAP uses estimates and assumptions to develop grants receivable and in-kind revenue and expense.

Income Taxes

HRCAP is a nonprofit entity exempt from federal income taxes under the provisions of Section 501(c) (3) of the Internal Revenue Code.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Concluded)

The Organization has adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification 740-10-25, which require that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions.

Advertising

Advertising costs are expensed when incurred.

NOTE 2. CONCENTRATION OF CREDIT RISK

The Organization maintains multiple accounts at one bank. The Federal Deposit Insurance Corporation (FDIC) insures amounts in financial institutions up to \$250,000 for 2017 and 2016. During the year, cash exceeded federally insured limits. Amounts in excess of the FDIC limit totaled \$1,081,958 and \$688,768 as of June 30, 2017 and 2016, respectively.

NOTE 3. GRANTS RECEIVABLE

Grants receivable are composed of the following amounts:

	June 30,	
	2017	2016
Head Start	\$ 610,746	\$ 710,158
Department of Veteran Affairs	623	32,105
CSBG Federal	58,502	179,985
CSBG TANF	5,689	8,034
USDA (VA Department of Health)	34,434	39,550
Work Experience	5,100	10,880
City of Newport News	37,500	37,500
Virginia Cares	11,572	23,497
Human Rights Commission	2,250	2,250
Housing Counseling	17,585	5,578
Fair Housing	19,581	3,210
Clean Comfort	584	906
VHDA Reach	-	6,044
Project Discovery	-	5,130
IRS VITA	-	910
Fort Monroe National Monument	1,425	-
	<u>\$ 805,591</u>	<u>\$ 1,066,097</u>

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 4. OPERATING LEASES

HRCAP currently is leasing office space and equipment. For the years ended June 30, 2017 and 2016, rent expense under these leases totaled \$624,725 and \$618,018, respectively.

The total minimum rental commitments under the terms of the long-term leases at June 30 are as follows:

2018	\$	288,307
2019		185,376
2020		147,783
2021		96,408
2022		<u>88,374</u>
	\$	<u>806,248</u>

NOTE 5. RETIREMENT PLAN

The retirement plan is a tax-sheltered annuity under Section 403(b) of the Internal Revenue Service code. The contribution rate by HRCAP is a three percent (3%) match up to 3% of employees' salaries. All employees with one year of service are eligible to participate. Contributions to the plan by HRCAP and the employees are made to a Trustee. HRCAP's contributions on behalf of its employees for the years ended June 30, 2017 and 2016 were \$89,026 and \$86,583, respectively.

NOTE 6. LINE OF CREDIT

HRCAP maintains a line of credit of \$150,000 with a bank at a rate to be determined when the funds are borrowed. At June 30, 2017 and 2016, HRCAP had no outstanding balances on this credit line. The line of credit is automatically renewed annually.

NOTE 7. CONTINGENT LIABILITIES

Federal programs in which the Organization participates were audited in accordance with the provisions of the U.S. Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of the Uniform Guidance, Federal programs were tested for compliance with applicable grant requirements. While matters of noncompliance were not disclosed by audit, the Federal government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant expenditures would be immaterial.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 8. SPECIAL EVENTS

HRCAP Agency Program's Statement of Activity includes the 2017 Annual Dinner which had revenues of \$74,219 and expenses of \$44,300 for a net profit of \$29,919. The Project Discovery Programs Statement of Activity includes a fashion show which had revenues of \$3,550 and expenses of \$702 for a net profit of \$2,848.

NOTE 8. COMMITMENTS AND CONTINGENCIES

On December 15, 2016, HRCAP was named as a defendant in a \$10 million defamation lawsuit brought by a former employee. The Agency's attorneys are litigating the suit and management intends to actively defend the claim. While the Agency has a liability insurance policy with coverage limits in the amount of \$5 million, the Agency and its attorneys cannot estimate the likelihood of an unfavorable outcome or a possible range of loss at the date of this report. A hearing on this case was scheduled for January 22, 2018 but, as of the date of the release of these statements, the hearing was continued and has not been rescheduled.

NOTE 9. SUBSEQUENT EVENTS

Management evaluated subsequent events through February 5, 2018, the date the financial statements were available to be issued.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
HEAD START AND EARLY HEAD START PROGRAMS

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2017 and 2016

	For the 11 Months Ended 5/31/2017	For the 1 Month Ended 6/30/2017	Total	2016 Summarized Total
SUPPORT				
Grants awarded:				
Federal government	\$ 11,587,043	\$ 886,688	\$ 12,473,731	\$ 12,098,628
Total support	<u>11,587,043</u>	<u>886,688</u>	<u>12,473,731</u>	<u>12,098,628</u>
REVENUE				
Donations	39,089	-	39,089	-
Other revenue	7,415	-	7,415	46,657
In-kind revenue	1,636,209	100,606	1,736,815	1,667,033
Total revenue	<u>1,682,713</u>	<u>100,606</u>	<u>1,783,319</u>	<u>1,713,690</u>
Total unrestricted support and revenue	<u>13,269,756</u>	<u>987,294</u>	<u>14,257,050</u>	<u>13,812,318</u>
EXPENSES				
Program services:				
Salary and wages	5,940,471	630,640	6,571,111	6,368,178
Fringe benefits	2,007,333	191,547	2,198,880	2,101,294
Contractual	100,045	6,806	106,851	79,876
Travel	326,347	9,198	335,545	251,268
Rent	556,229	50,944	607,173	600,859
Building maintenance	195,305	19,199	214,504	195,837
Consumable supplies	852,190	18,692	870,882	913,766
Equipment maintenance	-	-	-	57,374
Other costs	513,241	20,206	533,447	540,686
In-kind expense	1,636,209	100,606	1,736,815	1,667,033
Total program services	<u>12,127,370</u>	<u>1,047,838</u>	<u>13,175,208</u>	<u>12,776,171</u>
Support services:				
General and administrative expenses	<u>1,142,386</u>	<u>-</u>	<u>1,142,386</u>	<u>1,036,147</u>
Total expenses	<u>13,269,756</u>	<u>1,047,838</u>	<u>14,317,594</u>	<u>13,812,318</u>
Changes in net assets	-	(60,544)	(60,544)	-
NET ASSETS				
Beginning	-	-	-	-
Transfer	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ (60,544)</u>	<u>\$ (60,544)</u>	<u>\$ -</u>

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
SUMMER FEEDING PROGRAM
 Statements of Activities and Changes in Net Assets
 Years Ended June 30, 2017 and 2016

	<u>2017</u> <u>Total</u>	<u>2016</u> <u>Summarized</u> <u>Total</u>
SUPPORT		
Grants awarded:		
Federal government	\$ -	\$ 35,727
Total unrestricted support and revenue	-	35,727
EXPENSES		
Program services:		
Salary and wages	-	21,343
Fringe benefits	-	2,897
Contractual	-	55
Travel	-	910
Consumable supplies	-	40,458
Equipment maintenance/rent	-	6,443
Other costs	-	981
Total program services	-	73,087
Changes in net assets	-	(37,360)
NET ASSETS		
Beginning	(122,107)	(84,747)
Transfer	122,107	-
Ending	\$ -	\$ (122,107)

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
VIRGINIA DEPARTMENT OF SOCIAL SERVICES PROGRAMS

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2017 and 2016

	Federal CSBG	Federal TANF	Project Discovery	Virginia Cares	Total	2016 Summarized Total
SUPPORT						
Grants awarded:						
Federal government	\$ 453,794	\$ 185,300	\$ 1,425	\$ 108,699	\$ 749,218	\$ 527,892
State government	-	-	30,000	-	30,000	141,284
Private grants	-	-	23,000	-	23,000	30,000
Total support	<u>453,794</u>	<u>185,300</u>	<u>54,425</u>	<u>108,699</u>	<u>802,218</u>	<u>699,176</u>
REVENUE						
Donations	-	-	275	-	275	-
Other revenue	-	-	4,550	-	4,550	4,162
In-kind revenue	179,266	58,922	63,903	-	302,091	305,399
Total revenue	<u>179,266</u>	<u>58,922</u>	<u>68,728</u>	<u>-</u>	<u>306,916</u>	<u>309,561</u>
Total unrestricted support and revenue	<u>633,060</u>	<u>244,222</u>	<u>123,153</u>	<u>108,699</u>	<u>1,109,134</u>	<u>1,008,737</u>
EXPENSES						
Program services:						
Salary and wages	193,341	92,727	21,698	64,345	372,111	267,313
Fringe benefits	82,255	22,672	2,488	26,184	133,599	96,285
Contractual	27,698	-	89	618	28,405	42,480
Travel	3,257	-	254	1,219	4,730	3,894
Rent	12,601	-	-	900	13,501	12,600
Building maintenance	39,681	-	8	-	39,689	32,900
Consumable supplies	1,543	-	6,237	1,549	9,329	17,049
Emergency services	352	59,986	-	-	60,338	-
Equipment maintenance	-	-	-	-	-	2,806
Other costs	30,836	9,915	23,280	13,884	77,915	164,251
In-kind expense	179,266	58,922	63,903	-	302,091	305,399
Total program services	<u>570,830</u>	<u>244,222</u>	<u>117,957</u>	<u>108,699</u>	<u>1,041,708</u>	<u>944,977</u>
Support services:						
General and administrative expenses	62,230	-	-	-	62,230	61,386
Total expenses	<u>633,060</u>	<u>244,222</u>	<u>117,957</u>	<u>108,699</u>	<u>1,103,938</u>	<u>1,006,363</u>
Changes in net assets	-	-	5,196	-	5,196	2,374
NET ASSETS						
Beginning	-	-	-	-	2,374	-
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,196</u>	<u>\$ -</u>	<u>\$ 7,570</u>	<u>\$ 2,374</u>

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
REDEVELOPMENT & HOUSING PROGRAMS
 Statements of Activities and Changes in Net Assets
 Years Ended June 30, 2017 and 2016

	Fair Housing	Housing Counseling	Labor Compliance	Minority Business	Clean Comfort	Total	2016 Summarized Total
SUPPORT							
Grants awarded:							
Federal government	\$ 8,000	\$ 12,000	\$ -	\$ -	\$ 16,500	\$ 36,500	\$ 36,660
Private grants	-	-	-	-	15,000	15,000	-
Total support	<u>8,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>31,500</u>	<u>51,500</u>	<u>36,660</u>
REVENUE							
Other income	-	-	-	-	-	-	150
In-kind revenue	-	-	-	-	11,818	11,818	21,054
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,818</u>	<u>11,818</u>	<u>21,204</u>
Total unrestricted support and revenue	<u>8,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>43,318</u>	<u>63,318</u>	<u>57,864</u>
EXPENSES							
Program services:							
Salary and wages	6,243	9,486	-	-	26,122	41,851	30,084
Fringe benefits	1,757	2,514	-	-	6,877	11,148	7,110
Building maintenance	-	-	-	-	-	-	1,389
Consumable supplies	-	-	-	-	1,739	1,739	1,088
Other costs	-	-	-	-	646	646	1,445
In-kind expense	-	-	-	-	11,818	11,818	21,054
Total program services	<u>8,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>47,202</u>	<u>67,202</u>	<u>62,170</u>
Changes in net assets	-	-	-	-	(3,884)	(3,884)	(4,306)
NET ASSETS							
Beginning	-	-	-	-	10,544	10,544	15,000
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,660</u>	<u>\$ 6,660</u>	<u>\$ 10,694</u>

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
DEPARTMENT OF VETERANS AFFAIRS
 Statements of Activities and Changes in Net Assets
 Years Ended June 30, 2017 and 2016

	Veteran Families Program	Supportive Services Veterans Families	Total	2016 Summarized Total
SUPPORT				
Grants awarded:				
Federal government	\$ 50,522	\$ 196,568	\$ 247,090	293,446
Private	-	2,500	2,500	-
Total unrestricted support	50,522	199,068	249,590	293,446
REVENUE				
Donations	-	-	-	150
Total unrestricted support and revenue	50,522	199,068	249,590	293,596
EXPENSES				
Program services:				
Salary and wages	22,921	92,651	115,572	154,973
Fringe benefits	2,637	21,237	23,874	29,287
Contractual	-	-	-	600
Travel	342	1,179	1,521	1,172
Consumable supplies	391	2,875	3,266	2,661
Emergency Assistance	20,308	63,537	83,845	93,260
Other costs	3,923	8,866	12,789	11,643
Total program services	50,522	190,345	240,867	293,596
Support services:				
General and administrative expenses	-	15,383	15,383	-
Total expenses	50,522	205,728	256,250	293,596
Changes in net assets	-	(6,660)	(6,660)	
NET ASSETS				
Beginning	-	-	-	
Transfer	-	-	-	
Ending	\$ -	\$ (6,660)	\$ (6,660)	\$ -

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
U. S. HOUSING & URBAN DEVELOPMENT
 Statements of Activities and Changes in Net Assets
 Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016 Summarized Total</u>
SUPPORT		
Grants awarded:		
Federal government	\$ 12,661	\$ 11,926
Total unrestricted support	<u>12,661</u>	<u>11,926</u>
EXPENSES		
Program services:		
Salary and wages	16,935	10,810
Fringe benefits	4,986	1,116
Other costs	<u>1,151</u>	<u>-</u>
Total program services	<u>23,072</u>	<u>11,926</u>
Changes in net assets	(10,411)	-
NET ASSETS		
Beginning	<u>-</u>	<u>-</u>
Ending	<u>\$ (10,411)</u>	<u>\$ -</u>

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
CHILDCARE PROGRAM

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2017 and 2016

	2017	2016
SUPPORT		
Grants awarded:		
State government	\$ 226,550	\$ 217,488
REVENUE		
Other revenue	1,508	-
Total unrestricted support and revenue	228,058	217,488
EXPENSES		
Program services:		
Salary and wages	166,105	158,538
Fringe benefits	41,817	44,745
Contractual	1,441	825
Travel	105	-
Consumable supplies	5,370	4,013
Other costs	13,220	9,367
Total program services	228,058	217,488
Changes in net assets	-	-
NET ASSETS		
Beginning	(15,509)	(15,509)
Transfer	15,509	-
Ending	\$ -	\$ (15,509)

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
OTHER PROGRAMS
 Statements of Activities and Changes in Net Assets
 Years Ended June 30, 2017 and 2016

	Work Experience 2016	VITA	VHDA Counseling & Education	Wells Fargo Career Development	Human Rights Commission	VA Community Action Partnership	Riverside Teen Moms	Sentara Teen Moms	Virginia Dept of Veterans' Services	Fair Housing Education & Outreach	Total	2016 Summarized Total
SUPPORT												
Grants awarded:												
Federal government	\$ -	\$ 26,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,581	\$ 46,224	\$ 23,500
State government	-	-	40,000	-	-	-	-	-	1,800	-	41,800	25,000
Local government	80,580	-	-	-	9,000	-	-	-	-	-	89,580	113,720
Private grants	-	-	-	36,000	-	11,225	82,153	5,000	30,216	-	164,594	92,833
Total support	80,580	26,643	40,000	36,000	9,000	11,225	82,153	5,000	32,016	19,581	342,198	255,053
REVENUE												
Donations	-	-	-	-	10	-	525	-	-	-	535	111
Other revenue	4,171	-	-	-	-	-	278	-	-	-	4,449	-
In-kind revenue	-	-	-	-	-	-	520	-	-	-	520	-
Total unrestricted support and revenue	84,751	26,643	40,000	36,000	9,010	11,225	83,476	5,000	32,016	19,581	347,702	255,164
EXPENSES												
Program services:												
Salary and wages	60,555	6,638	24,308	-	5,787	2,041	57,633	-	-	12,579	169,541	131,566
Fringe benefits	18,136	708	6,200	-	1,807	235	7,894	-	-	4,277	39,257	31,810
Contractual	343	-	594	-	196	-	392	-	-	-	1,525	6,818
Travel	2,972	4,110	280	-	-	-	4,441	-	-	145	11,948	9,567
Rent	-	-	-	-	-	-	3,714	-	-	-	3,714	4,003
Building maintenance	-	-	3,411	-	-	-	-	-	-	195	3,606	1,425
Consumable supplies	1,076	8,863	1,335	-	419	4,183	4,686	996	-	342	21,900	13,182
Equipment Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Other costs	1,669	14,129	3,872	15,805	801	4,330	8,454	435	26,900	458	76,853	31,223
In-kind expenses	-	-	-	-	-	-	520	-	-	-	520	-
Total program services	84,751	34,448	40,000	15,805	9,010	10,789	87,734	1,431	26,900	17,996	328,864	229,594
Support services:												
General and administrative expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	84,751	34,448	40,000	15,805	9,010	10,789	87,734	1,431	26,900	17,996	328,864	229,594
Changes in net assets	-	(7,805)	-	20,195	-	436	(4,258)	3,569	5,116	1,585	18,838	25,570
NET ASSETS												
Beginning	-	-	-	-	-	100	8,518	-	-	-	8,618	6,620
Transfer	-	-	-	-	-	-	-	-	-	-	-	(23,572)
Ending	\$ -	\$ (7,805)	\$ -	\$ 20,195	\$ -	\$ 536	\$ 4,260	\$ 3,569	\$ 5,116	\$ 1,585	\$ 27,456	\$ 8,618

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
HRCAP AGENCY PROGRAMS

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2017 and 2016

	2017	2016
SUPPORT		
Grants awarded:		
Local government	\$ 200,000	\$ 200,000
Total support	200,000	200,000
REVENUE		
Donations	9,219	2,947
Interest income	505	1,641
Other revenue	88,415	60,096
Total revenue	98,139	64,684
Total unrestricted support and revenue	298,139	264,684
EXPENSES		
Program services:		
Salary and wages	91,801	55,690
Fringe benefits	21,493	13,398
Contractual	63,522	197,110
Travel	12,685	7,703
Rent	338	556
Building maintenance	9,570	16,850
Consumable supplies	29,569	12,255
Emergency assistance	41	-
Equipment maintenance	3,125	19,000
Other costs	41,546	64,275
Total program services	273,690	386,837
Changes in net assets	24,449	(122,153)
NET ASSETS		
Beginning	1,536,014	1,634,595
Transfer	(137,616)	23,572
Ending	\$ 1,422,847	\$ 1,536,014

COMPLIANCE SECTION



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Hampton Roads Community Action Program, Inc.
Newport News, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hampton Roads Community Action Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hampton Roads Community Action Program Inc.'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 Hampton Roads Community Action Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hampton Roads Community Action Program Inc.'s financial statements are free of 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A. Robm, Smith & Company

Newport News, Virginia

February 5, 2018



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

To the Board of Directors
Hampton Roads Community Action Program, Inc.
Newport News, Virginia

Report on Compliance for Each Major Federal Program

We have audited the Hampton Roads Community Action Program Inc.'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 its major federal programs for the year ended June 30, 2017. The Hampton Roads Community Action Program's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Hampton Roads Community Action Program Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hampton Roads Community Action Program Inc.'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 Hampton Roads Community Action Program Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, the Hampton Roads Community Action Program, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Hampton Roads Community Action Program, Inc. 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 the Hampton Roads Community Action Program Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hampton Roads Community Action Program, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

A. Robm, Smith & Company

Newport News, Virginia

February 5, 2018

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:		
<u>Direct programs:</u>		
Head Start and Early Head Start Programs *	93.600	\$ 11,547,334
<u>Pass-through programs from:</u>		
Commonwealth of Virginia:		
Community Services Block Grant	93.569	562,493
Temporary Assistance for Needy Families	93.558	185,300
Total U.S. Department of Health and Human Services		<u>12,295,127</u>
 U.S. Department of Agriculture:		
<u>Pass-through programs from:</u>		
Virginia Department of Health:		
Child and Adult Food Care Program	10.558	<u>926,397</u>
 Department of Housing and Urban Development:		
<u>Pass-through programs from:</u>		
Newport News Redevelopment and Housing Authority:		
Clean Comfort	14.218	16,500
Fair Housing Initiative Program	14.218	8,000
Housing Counseling Assistance Program	14.218	12,000
<u>Pass-through program from:</u>		
Virginia Housing Development Authority:		
Housing Counseling Assistance Program	14.218	12,661
Housing Education and Outreach Initiative	14.418	19,581
Total Department of Housing and Urban Development		<u>68,742</u>
 Department of Veterans' Affairs		
<u>Direct program:</u>		
VA Supportive Services for Veteran Families Program	64.033	<u>247,090</u>
 Department of the Treasury		
<u>Direct program:</u>		
VITA	21.009	<u>26,643</u>
 Department of the Interior		
<u>Pass-through program from:</u>		
Fort Monroe National Monument:		
Cooperative Research and Training Programs – Resources of the National Park System	15.945	<u>1,425</u>
Total expenditures of federal awards		<u>\$ 13,565,424</u>

* Major Programs

See Notes to the Schedule of Expenditures of Federal Awards

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Hampton Roads Community Action Program, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Hampton Roads Community Action Program Inc., it is not intended to and does not present the financial position, change in net assets, or cash flows of Hampton Roads Community Action Program, Inc.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

Pass-through entity identify numbers are presented where available.

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

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses a qualified opinion on whether the financial statements of Hampton Roads Community Action Program, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the financial statements of Hampton Roads Community Action Program, Inc.
3. No instances of noncompliance material to the financial statements of Hampton Roads Community Action Program, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the financial statements of Hampton Roads Community Action Program, Inc. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for Hampton Roads Community Action Program, Inc. expresses an unmodified opinion on all major federal programs.
6. The auditor disclosed no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as a major program was:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start and Early Head Start

8. The dollar threshold used to distinguish between Type A and B programs was \$750,000.
9. Hampton Roads Community Action Program was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None