

***Hampton Roads Community  
Action Program, Inc.***

FINANCIAL REPORT  
JUNE 30, 2018 AND 2017

# *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, 2018 and 2017, 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, 2018 and 2017, 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, 2018, 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. 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 1, 2019, on 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. Robm, Smith & Company*

Newport News, Virginia

February 1, 2019

## **FINANCIAL STATEMENTS**

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Statements of Financial Position

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,830,526	\$ 1,518,097
Accounts receivable	14,453	1,749
Grants receivable	<u>619,136</u>	<u>805,591</u>
Total current assets	<u>2,464,115</u>	<u>2,325,437</u>
<b>FIXED ASSETS</b>		
Real estate	554,316	554,316
Leasehold improvements	250,000	250,000
Equipment	627,287	585,371
Furniture & fixtures	419,716	417,922
Automotive equipment	<u>1,878,066</u>	<u>1,878,066</u>
Total fixed assets	<u>3,729,385</u>	<u>3,685,675</u>
Total assets	<u>\$ 6,193,500</u>	<u>\$ 6,011,112</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 393,679	\$ 423,612
Accrued salaries	344,658	348,261
Accrued annual leave	<u>173,836</u>	<u>166,646</u>
Total current liabilities	912,173	938,519
<b>FIXED ASSET VALUATION ALLOWANCE</b>	<u>3,729,385</u>	<u>3,685,675</u>
Total liabilities	4,641,558	4,624,194
<b>UNRESTRICTED NET ASSETS</b>	<u>1,551,942</u>	<u>1,386,918</u>
Total liabilities and net assets	<u>\$ 6,193,500</u>	<u>\$ 6,011,112</u>

See accompanying notes.

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.**

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2018

	Head Start/ Early Head Start Programs	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
<b>SUPPORT</b>									
Grants awarded									
Federal government	\$ 12,730,452	\$ 639,094	\$ 36,500	\$ 280,117	\$ 31,000	\$ -	\$ 148,186	\$ -	\$ 13,865,349
State government	-	108,356	-	-	-	212,448	116,096	-	436,900
Local government	-	-	-	-	-	-	9,000	200,000	209,000
Private grants	-	-	-	-	-	-	215,069	29,518	244,587
Total support	<u>12,730,452</u>	<u>747,450</u>	<u>36,500</u>	<u>280,117</u>	<u>31,000</u>	<u>212,448</u>	<u>488,351</u>	<u>229,518</u>	<u>14,755,836</u>
<b>REVENUE</b>									
Donations	360	-	-	-	-	-	-	3,401	3,761
Interest income	-	-	-	-	-	-	-	571	571
Other revenue	31,714	-	-	-	-	-	32,539	149,991	214,244
In-kind revenue	<u>1,637,862</u>	<u>233,636</u>	<u>13,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,630</u>	<u>-</u>	<u>2,056,686</u>
Total revenue	<u>1,669,936</u>	<u>233,636</u>	<u>13,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,169</u>	<u>153,963</u>	<u>2,275,262</u>
Total unrestricted support and revenue	<u>14,400,388</u>	<u>981,086</u>	<u>50,058</u>	<u>280,117</u>	<u>31,000</u>	<u>212,448</u>	<u>692,520</u>	<u>383,481</u>	<u>17,031,098</u>
<b>EXPENSES</b>									
Program services:									
Salary and wages	6,707,666	383,173	26,724	131,166	12,211	158,329	175,738	58,432	7,653,439
Fringe benefits	2,209,263	109,933	8,319	27,438	4,378	38,325	37,503	31,517	2,466,676
Contractual	63,164	15,045	-	-	-	1,727	13,663	76,182	169,781
Travel	236,320	4,829	-	1,629	428	-	13,032	25,886	282,124
Rent	639,635	13,801	-	-	-	-	338	12,725	666,499
Building maintenance	215,714	44,891	-	-	1,041	-	1,187	17,800	280,633
Consumable supplies	898,569	11,891	1,111	2,615	-	4,482	71,637	15,232	1,005,537
Emergency services	-	61,627	-	85,680	-	-	-	-	147,307
Equipment maintenance	-	-	-	-	-	-	25,560	6,366	31,926
Other costs	532,228	39,061	346	11,524	2,531	9,585	122,289	111,875	829,439
In-kind expense	<u>1,637,862</u>	<u>233,636</u>	<u>13,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,630</u>	<u>-</u>	<u>2,056,686</u>
Total program services	<u>13,140,421</u>	<u>917,887</u>	<u>50,058</u>	<u>260,052</u>	<u>20,589</u>	<u>212,448</u>	<u>632,577</u>	<u>356,015</u>	<u>15,590,047</u>
Support services:									
General and administrative expenses	<u>1,199,423</u>	<u>63,199</u>	<u>-</u>	<u>13,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,276,027</u>
Total expenses	<u>14,339,844</u>	<u>981,086</u>	<u>50,058</u>	<u>273,457</u>	<u>20,589</u>	<u>212,448</u>	<u>632,577</u>	<u>356,015</u>	<u>16,866,074</u>
Changes in net assets	60,544	-	-	6,660	10,411	-	59,943	27,466	165,024
<b>NET ASSETS</b>									
Beginning	(60,544)	2,374	6,660	(6,660)	(10,411)	-	32,652	1,422,847	1,386,918
Transfer	-	-	-	-	-	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ 2,374</u>	<u>\$ 6,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,595</u>	<u>\$ 1,450,313</u>	<u>\$ 1,551,942</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 Head Start 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
<b>SUPPORT</b>										
Grants awarded										
Federal government	\$ 12,473,731	\$ -	\$ 747,793	\$ 36,500	\$ 247,090	\$ 12,661	\$ -	\$ 47,649	\$ -	\$ 13,565,424
State government	-	-	-	-	-	-	226,550	71,800	-	298,350
Local government	-	-	-	-	-	-	-	89,580	200,000	289,580
Private grants	-	-	-	15,000	2,500	-	-	187,594	-	205,094
Total support	<u>12,473,731</u>	<u>-</u>	<u>747,793</u>	<u>51,500</u>	<u>249,590</u>	<u>12,661</u>	<u>226,550</u>	<u>396,623</u>	<u>200,000</u>	<u>14,358,448</u>
<b>REVENUE</b>										
Donations	39,089	-	-	-	-	-	-	810	9,219	49,118
Interest income	-	-	-	-	-	-	-	-	505	505
Other revenue	7,415	-	-	-	-	-	1,508	8,999	88,415	106,337
In-kind revenue	<u>1,736,815</u>	<u>-</u>	<u>238,188</u>	<u>11,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,423</u>	<u>-</u>	<u>2,051,244</u>
Total revenue	<u>1,783,319</u>	<u>-</u>	<u>238,188</u>	<u>11,818</u>	<u>-</u>	<u>-</u>	<u>1,508</u>	<u>74,232</u>	<u>98,139</u>	<u>2,207,204</u>
Total unrestricted support and revenue	<u>14,257,050</u>	<u>-</u>	<u>985,981</u>	<u>63,318</u>	<u>249,590</u>	<u>12,661</u>	<u>228,058</u>	<u>470,855</u>	<u>298,139</u>	<u>16,565,652</u>
<b>EXPENSES</b>										
Program services:										
Salary and wages	6,571,111	-	350,413	41,851	115,572	16,935	166,105	191,239	91,801	7,545,027
Fringe benefits	2,198,880	-	131,111	11,148	23,874	4,986	41,817	41,745	21,493	2,475,054
Contractual	106,851	-	28,316	-	-	-	1,441	1,614	63,522	201,744
Travel	335,545	-	4,476	-	1,521	-	105	12,202	12,685	366,534
Rent	607,173	-	13,501	-	-	-	-	3,714	338	624,726
Building maintenance	214,504	-	39,681	-	-	-	-	3,614	9,570	267,369
Consumable supplies	870,882	-	3,092	1,739	3,266	-	5,370	28,137	29,569	942,055
Emergency services	-	-	60,338	-	83,845	-	-	-	41	144,224
Equipment maintenance	-	-	-	-	-	-	-	-	3,125	3,125
Other costs	533,447	-	54,635	646	12,789	1,151	13,220	100,133	41,546	757,567
In-kind expense	<u>1,736,815</u>	<u>-</u>	<u>238,188</u>	<u>11,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,423</u>	<u>-</u>	<u>2,051,244</u>
Total program services	<u>13,175,208</u>	<u>-</u>	<u>923,751</u>	<u>67,202</u>	<u>240,867</u>	<u>23,072</u>	<u>228,058</u>	<u>446,821</u>	<u>273,690</u>	<u>15,378,669</u>
Support services:										
General and administrative expenses	<u>1,142,386</u>	<u>-</u>	<u>62,230</u>	<u>-</u>	<u>15,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,219,999</u>
Total expenses	<u>14,317,594</u>	<u>-</u>	<u>985,981</u>	<u>67,202</u>	<u>256,250</u>	<u>23,072</u>	<u>228,058</u>	<u>446,821</u>	<u>273,690</u>	<u>16,598,668</u>
Changes in net assets	(60,544)	-	-	(3,884)	(6,660)	(10,411)	-	24,034	24,449	(33,016)
<b>NET ASSETS</b>										
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>\$ 2,374</u>	<u>\$ 6,660</u>	<u>\$ (6,660)</u>	<u>\$ (10,411)</u>	<u>\$ -</u>	<u>\$ 32,652</u>	<u>\$ 1,422,847</u>	<u>\$ 1,386,918</u>

See accompanying notes.

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Statements of Cash Flows Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 165,024	\$ (33,016)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net changes in assets and liabilities:		
Grants receivable	186,455	260,506
Accounts receivable	(12,704)	(1,749)
Accounts payable	(29,933)	100,228
Accrued salaries	(3,603)	18,903
Accrued annual leave	7,190	17,894
	<u>312,429</u>	<u>362,766</u>
Net cash provided by operating activities	<u>312,429</u>	<u>362,766</u>
Net increase in cash	312,429	362,766
<b>CASH</b>		
Beginning	<u>1,518,097</u>	<u>1,155,331</u>
Ending	<u>\$ 1,830,526</u>	<u>\$ 1,518,097</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE</b>		
Purchases of fixed assets which are expensed	<u>\$ 83,902</u>	<u>\$ 65,807</u>

See accompanying notes.

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Notes to Financial Statements

June 30, 2018 and 2017

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### 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:

Head Start and Early Head Start Programs	The Head Start and Early Head Start programs provide comprehensive health, educational, nutritional, social, and other developmental services to preschool children, infants and toddlers.
Virginia Department of Social Services Programs	<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>
Redevelopment & Housing Programs	<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, 2018 and 2017

### 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.
U.S. 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 Teen Moms Support Group program addresses the needs of pregnant teens to reduce infant mortality.</p> <p>Virginia Housing Development Authority 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, 2018 and 2017

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### 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, 2018 and 2017

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### 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 2018 and 2017. During the year, cash exceeded federally insured limits. Amounts in excess of the FDIC limit totaled \$1,461,107 and \$1,081,958 as of June 30, 2018 and 2017, respectively.

### NOTE 3. GRANTS RECEIVABLE

Grants receivable are composed of the following amounts:

	June 30,	
	2018	2017
Head Start	\$ 328,410	\$ 610,746
Virginia Department of Health	51,336	-
USDA (VA Department of Health)	49,750	34,434
Housing Counseling	48,969	17,585
City of Newport News	37,500	37,500
CSBG Federal	37,492	58,502
CSBG TANF	27,919	5,689
Virginia Cares	25,609	11,572
Clean Comfort	4,350	584
Project Human Rights Commission	2,250	2,250
Discovery	3,859	-
Fair Housing	1,692	19,581
Work Experience	-	5,100
Department of Veteran Affairs	-	623
Fort Monroe National Monument	-	1,425
	<u>\$ 619,136</u>	<u>\$ 805,591</u>

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Notes to Financial Statements

June 30, 2018 and 2017

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### NOTE 4. OPERATING LEASES

HRCAP currently is leasing office space and equipment. For the years ended June 30, 2018 and 2017, rent expense under these leases totaled \$666,499 and \$624,726, respectively.

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

2019	\$	258,703
2020		235,405
2021		202,210
2022		96,800
2023		<u>32,267</u>
	\$	<u>825,385</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, 2018 and 2017 were \$116,360 and \$89,026, 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, 2018 and 2017, 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, 2018 and 2017

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### **NOTE 8. SPECIAL EVENTS**

HRCAP Agency Program's Statement of Activity includes the 2018 Annual Dinner which had revenues of \$126,425 and expenses of \$42,764 for a net profit of \$83,661. The Project Discovery Programs Statement of Activity includes a fashion show which had revenues of \$4,566 and expenses of \$-0- for a net profit of \$4,566.

### **NOTE 9. SUBSEQUENT EVENTS**

On December 15, 2016, HRCAP was named as a defendant in a \$10 million defamation lawsuit by a former employee. The Agency has a liability policy with coverage limits in the amount of \$5 million. The Agency and its attorneys are litigating the suit and cannot estimate the likelihood of an unfavorable outcome or a possible range of loss at the date of this report. The attorneys have filed defensive pleadings and plans to have a hearing scheduled soon to ask the court to dismiss the case.

Management evaluated subsequent events through February 1, 2019, 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, 2018 and 2017

	For the 11 Months Ended 5/31/2018	For the 1 Month Ended 6/30/2018	Total	2017 Summarized Total
<b>SUPPORT</b>				
Grants awarded:				
Federal government	\$ 11,697,041	\$ 1,033,411	\$ 12,730,452	\$ 12,473,731
Total support	<u>11,697,041</u>	<u>1,033,411</u>	<u>12,730,452</u>	<u>12,473,731</u>
<b>REVENUE</b>				
Donations	360	-	360	39,089
Other revenue	31,714	-	31,714	7,415
In-kind revenue	1,512,688	125,174	1,637,862	1,736,815
Total revenue	<u>1,544,762</u>	<u>125,174</u>	<u>1,669,936</u>	<u>1,783,319</u>
Total unrestricted support and revenue	<u>13,241,803</u>	<u>1,158,585</u>	<u>14,400,388</u>	<u>14,257,050</u>
<b>EXPENSES</b>				
Program services:				
Salary and wages	6,051,880	655,786	6,707,666	6,571,111
Fringe benefits	2,018,228	191,035	2,209,263	2,198,880
Contractual	41,333	21,831	63,164	106,851
Travel	222,760	13,560	236,320	335,545
Rent	585,554	54,081	639,635	607,173
Building maintenance	183,542	32,172	215,714	214,504
Consumable supplies	863,580	34,989	898,569	870,882
Other costs	502,271	29,957	532,228	533,447
In-kind expense	1,512,688	125,174	1,637,862	1,736,815
Total program services	11,981,836	1,158,585	13,140,421	13,175,208
Support services:				
General and administrative expenses	1,199,423	-	1,199,423	1,142,386
Total expenses	<u>13,181,259</u>	<u>1,158,585</u>	<u>14,339,844</u>	<u>14,317,594</u>
Changes in net assets	60,544	-	60,544	(60,544)
<b>NET ASSETS</b>				
Beginning	(60,544)	-	(60,544)	-
Transfer	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,544)</u>

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

Statements of Activities and Changes in Net Assets  
Years Ended June 30, 2018 and 2017

	Federal CSBG	Federal TANF	Virginia Cares	Total	2017 Summarized Total
<b>SUPPORT</b>					
Grants awarded:					
Federal government	\$ 453,794	\$ 185,300	\$ -	\$ 639,094	\$ 747,793
State government	-	-	108,356	108,356	-
Private grants	-	-	-	-	-
Total support	<u>453,794</u>	<u>185,300</u>	<u>108,356</u>	<u>747,450</u>	<u>747,793</u>
<b>REVENUE</b>					
Donations	-	-	-	-	-
Other revenue	-	-	-	-	-
In-kind revenue	174,517	59,119	-	233,636	238,188
Total revenue	<u>174,517</u>	<u>59,119</u>	<u>-</u>	<u>233,636</u>	<u>238,188</u>
Total unrestricted support and revenue	<u>628,311</u>	<u>244,419</u>	<u>108,356</u>	<u>981,086</u>	<u>985,981</u>
<b>EXPENSES</b>					
Program services:					
Salary and wages	220,452	96,650	66,071	383,173	350,413
Fringe benefits	63,650	20,534	25,749	109,933	131,111
Contractual	8,568	5,785	692	15,045	28,316
Travel	3,818	-	1,011	4,829	4,476
Rent	12,601	-	1,200	13,801	13,501
Building maintenance	44,787	-	104	44,891	39,681
Consumable supplies	10,344	-	1,547	11,891	3,092
Emergency services	-	61,627	-	61,627	60,338
Equipment maintenance	-	-	-	-	-
Other costs	26,375	704	11,982	39,061	54,635
In-kind expense	174,517	59,119	-	233,636	238,188
Total program services	<u>565,112</u>	<u>244,419</u>	<u>108,356</u>	<u>917,887</u>	<u>923,751</u>
Support services:					
General and administrative expenses	63,199	-	-	63,199	62,230
Total expenses	<u>628,311</u>	<u>244,419</u>	<u>108,356</u>	<u>981,086</u>	<u>985,981</u>
Changes in net assets	-	-	-	-	-
<b>NET ASSETS</b>					
Beginning	-	-	-	2,374	2,374
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,374</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, 2018 and 2017

	Fair Housing	Housing Counseling	Clean Comfort	Total	2017 Summarized Total
<b>SUPPORT</b>					
Grants awarded:					
Federal government	\$ 8,000	\$ 12,000	\$ 16,500	\$ 36,500	\$ 36,500
Private grants	-	-	-	-	15,000
Total support	<u>8,000</u>	<u>12,000</u>	<u>16,500</u>	<u>36,500</u>	<u>51,500</u>
<b>REVENUE</b>					
Other income	-	-	-	-	-
In-kind revenue	-	-	13,558	13,558	11,818
Total revenue	<u>-</u>	<u>-</u>	<u>13,558</u>	<u>13,558</u>	<u>11,818</u>
Total unrestricted support and revenue	<u>8,000</u>	<u>12,000</u>	<u>30,058</u>	<u>50,058</u>	<u>63,318</u>
<b>EXPENSES</b>					
Program services:					
Salary and wages	6,243	8,918	11,563	26,724	41,851
Fringe benefits	1,757	3,082	3,480	8,319	11,148
Building maintenance	-	-	-	-	-
Consumable supplies	-	-	1,111	1,111	1,739
Other costs	-	-	346	346	646
In-kind expense	-	-	13,558	13,558	11,818
Total program services	<u>8,000</u>	<u>12,000</u>	<u>30,058</u>	<u>50,058</u>	<u>67,202</u>
Changes in net assets	-	-	-	-	(3,884)
<b>NET ASSETS</b>					
Beginning	-	-	6,660	6,660	10,544
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,660</u>	<u>\$ 6,660</u>	<u>\$ 6,660</u>

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.**

**DEPARTMENT OF VETERANS AFFAIRS**

Statements of Activities and Changes in Net Assets

Years Ended June 30, 2018 and 2017

	Supportive Services Veterans Families - 2018	Supportive Services Veterans Families - 2017	Total	2017 Summarized Total
<b>SUPPORT</b>				
Grants awarded:				
Federal government	\$ 207,500	\$ 72,617	\$ 280,117	247,090
Private	-	-	-	2,500
Total unrestricted support	<u>207,500</u>	<u>72,617</u>	<u>280,117</u>	<u>249,590</u>
<b>EXPENSES</b>				
Program services:				
Salary and wages	99,796	31,370	131,166	115,572
Fringe benefits	22,235	5,203	27,438	23,874
Travel	1,065	564	1,629	1,521
Consumable supplies	1,755	860	2,615	3,266
Emergency Assistance	59,750	25,930	85,680	83,845
Other costs	9,494	2,030	11,524	12,789
Total program services	<u>194,095</u>	<u>65,957</u>	<u>260,052</u>	<u>240,867</u>
Support services:				
General and administrative expenses	<u>13,405</u>	-	<u>13,405</u>	<u>15,383</u>
Total expenses	<u>207,500</u>	<u>65,957</u>	<u>273,457</u>	<u>256,250</u>
Changes in net assets	-	6,660	6,660	(6,660)
<b>NET ASSETS</b>				
Beginning	-	(6,660)	(6,660)	-
Transfer	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,660)</u>

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.**  
**U. S. HOUSING & URBAN DEVELOPMENT**  
 Statements of Activities and Changes in Net Assets  
 Years Ended June 30, 2018 and 2017

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	2018	2017 Summarized Total
<b>SUPPORT</b>		
Grants awarded:		
Federal government	\$ 31,000	\$ 12,661
Total unrestricted support	31,000	12,661
<b>EXPENSES</b>		
Program services:		
Salary and wages	12,211	16,935
Fringe benefits	4,378	4,986
Travel	428	-
Building maintenance	1,041	-
Other costs	2,531	1,151
Total program services	20,589	23,072
Changes in net assets	10,411	(10,411)
<b>NET ASSETS</b>		
Beginning	(10,411)	-
Ending	\$ -	\$ (10,411)

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.**  
**CHILDCARE PROGRAM**

Statements of Activities and Changes in Net Assets  
Years Ended June 30, 2018 and 2017

	2018	2017
<b>SUPPORT</b>		
Grants awarded:		
State government	\$ 212,448	\$ 226,550
<b>REVENUE</b>		
Other revenue	-	1,508
Total unrestricted support and revenue	212,448	228,058
<b>EXPENSES</b>		
Program services:		
Salary and wages	158,329	166,105
Fringe benefits	38,325	41,817
Contractual	1,727	1,441
Travel	-	105
Consumable supplies	4,482	5,370
Other costs	9,585	13,220
Total program services	212,448	228,058
Changes in net assets	-	-
<b>NET ASSETS</b>		
Beginning	-	(15,509)
Transfer	-	15,509
Ending	\$ -	\$ -

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.**

**OTHER PROGRAMS**

Statements of Activities and Changes in Net Assets

Years Ended June 30, 2018 and 2017

	Head Start Sun Safety Project	VITA	VHDA Counseling & Education	VHDA Capacity Building	Wells Fargo Career Development	Wells Fargo Fair Housing	Wells Fargo Homeownership Counseling	Human Rights Commission	VA Community Action Partnership	Riverside Teen Moms	Sentara Teen Moms	Ferguson Teen Moms	Virginia Dept of Veterans' Services	Fair Housing Education & Outreach	Project Discovery	Clean Comfort TEGNA	Clean Comfort Ferguson	Total	2017 Summarized Total
<b>SUPPORT</b>																			
Grants awarded:																			
Federal government	\$ -	\$ 55,607	\$ -	\$ 46,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,691	\$ -	\$ -	\$ -	\$ 148,186	\$ 47,649
State government	51,336	-	-	-	-	-	-	-	-	-	-	-	29,260	-	35,500	-	-	116,096	71,800
Local government	-	-	-	-	-	-	-	9,000	-	-	-	-	-	-	-	-	-	9,000	89,580
Private grants	-	-	90,000	-	10,000	5,000	5,000	-	9,000	-	12,500	15,000	6,069	-	60,000	2,500	-	215,069	187,594
Total support	51,336	55,607	90,000	46,888	10,000	5,000	5,000	9,000	9,000	-	12,500	15,000	35,329	45,691	95,500	2,500	-	488,351	396,623
<b>REVENUE</b>																			
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	810
Other revenue	-	-	-	-	25,000	-	-	-	-	-	423	-	2,500	-	4,616	-	-	32,539	8,999
In-kind revenue	-	82,250	-	-	-	-	-	-	-	-	-	-	-	-	89,380	-	-	171,630	64,423
Total unrestricted support and revenue	51,336	137,857	90,000	46,888	35,000	5,000	5,000	9,000	9,000	-	12,923	15,000	37,829	45,691	189,496	2,500	-	692,520	470,855
<b>EXPENSES</b>																			
Program services:																			
Salary and wages	-	19,305	59,971	-	-	-	-	5,237	2,678	3,162	7,149	2,441	-	35,035	33,275	1,796	5,689	175,738	191,239
Fringe benefits	-	5,707	13,369	-	-	-	-	1,882	1,059	561	1,280	267	-	7,981	3,721	704	972	37,503	41,745
Contractual	-	340	300	10,815	-	-	-	196	1,206	-	-	-	-	300	506	-	-	13,663	1,614
Travel	-	4,485	4,201	-	-	-	-	-	896	58	354	787	-	961	1,290	-	-	13,032	12,202
Rent	-	-	-	-	-	-	-	-	-	338	-	-	-	-	-	-	-	338	3,714
Building maintenance	-	-	1,382	-	-	-	-	-	-	-	-	-	-	(195)	-	-	-	1,187	3,614
Consumable supplies	29,411	6,584	500	28,974	-	-	-	666	436	-	1,333	-	-	486	3,247	-	-	71,637	28,137
Equipment Maintenance	21,925	170	-	3,166	-	-	-	-	299	-	-	-	-	-	-	-	-	25,560	-
Other costs	-	11,211	10,277	3,933	27,618	-	572	1,019	2,600	141	4,686	2,196	31,334	2,708	23,994	-	-	122,289	100,133
In-kind expenses	-	82,250	-	-	-	-	-	-	-	-	-	-	-	-	89,380	-	-	171,630	64,423
Total program services	51,336	130,052	90,000	46,888	27,618	-	572	9,000	9,174	4,260	14,802	5,691	31,334	47,276	155,413	2,500	6,661	632,577	446,821
Support services:																			
General and administrative expenses																			
Total expenses	51,336	130,052	90,000	46,888	27,618	-	572	9,000	9,174	4,260	14,802	5,691	31,334	47,276	155,413	2,500	6,661	632,577	446,821
Changes in net assets	-	7,805	-	-	7,382	5,000	4,428	-	(174)	(4,260)	(1,879)	9,309	6,495	(1,585)	34,083	-	(6,661)	59,943	24,034
<b>NET ASSETS</b>																			
Beginning																			
Transfer	-	(7,805)	-	-	20,195	-	-	-	536	4,260	3,569	-	5,116	1,585	5,196	-	-	32,652	8,618
Ending	\$ -	\$ -	\$ -	\$ -	\$ 27,577	\$ 5,000	\$ 4,428	\$ -	\$ 362	\$ -	\$ 1,690	\$ 9,309	\$ 11,611	\$ -	\$ 39,279	\$ -	\$ (6,661)	\$ 92,595	\$ 32,652

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.**

**HRCAP AGENCY PROGRAMS**

Statements of Activities and Changes in Net Assets

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>SUPPORT</b>		
Grants awarded:		
Local government	\$ 200,000	\$ 200,000
Private grants	29,518	-
Total support	<u>229,518</u>	<u>200,000</u>
<b>REVENUE</b>		
Donations	3,401	9,219
Interest income	571	505
Other revenue	149,991	88,415
Total revenue	<u>153,963</u>	<u>98,139</u>
Total unrestricted support and revenue	<u>383,481</u>	<u>298,139</u>
<b>EXPENSES</b>		
Program services:		
Salary and wages	58,432	91,801
Fringe benefits	31,517	21,493
Contractual	76,182	63,522
Travel	25,886	12,685
Rent	12,725	338
Building maintenance	17,800	9,570
Consumable supplies	15,232	29,569
Emergency assistance	-	41
Equipment maintenance	6,366	3,125
Other costs	111,875	41,546
Total program services	<u>356,015</u>	<u>273,690</u>
Changes in net assets	27,466	24,449
<b>NET ASSETS</b>		
Beginning	1,422,847	1,536,014
Transfer	-	(137,616)
Ending	<u>\$ 1,450,313</u>	<u>\$ 1,422,847</u>



## **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, 2018, 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 1, 2019.

**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 1, 2019



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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, 2018. 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, 2018.

### ***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 1, 2019

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services:</b>		
<u>Direct programs:</u>		
Head Start and Early Head Start Programs *	93.600	\$ 11,714,326
<u>Pass-through programs from:</u>		
Commonwealth of Virginia:		
Community Services Block Grant *	93.569	453,794
Temporary Assistance for Needy Families	93.558	<u>185,300</u>
Total U.S. Department of Health and Human Services		<u>12,353,420</u>
 <b>U.S. Department of Agriculture:</b>		
<u>Pass-through programs from:</u>		
Virginia Department of Health:		
Child and Adult Food Care Program	10.558	<u>1,008,478</u>
 <b>Department of Housing and Urban Development:</b>		
<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	31,000
Capacity Building for Community Development	14.252	46,888
Housing Education and Outreach Initiative	14.418	<u>45,691</u>
Total Department of Housing and Urban Development		<u>160,079</u>
 <b>Department of Veterans' Affairs</b>		
<u>Direct program:</u>		
VA Supportive Services for Veteran Families Program	64.033	<u>280,117</u>
 <b>Department of the Treasury</b>		
<u>Direct program:</u>		
VITA	21.009	<u>55,607</u>
Total expenditures of federal awards		<u>\$ 13,857,701</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, 2018

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### **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, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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.

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, 2018

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### 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
93.569	Community Service Block Grant

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