

*Hampton Roads Community
Action Program, Inc.*

FINANCIAL REPORT
JUNE 30, 2019 AND 2018

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 statements of financial position as of June 30, 2019 and 2018, 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 qualified 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, 2019 and 2018, 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 January 14, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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

January 14, 2020

FINANCIAL STATEMENTS

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Statements of Financial Position

June 30, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,725,748	\$ 1,830,526
Accounts receivable	10,000	14,453
Grants receivable	1,067,417	619,136
Total current assets	<u>2,803,165</u>	<u>2,464,115</u>
FIXED ASSETS		
Automotive equipment	2,060,305	1,878,066
Equipment	646,174	627,287
Real estate	554,316	554,316
Furniture & fixtures	435,239	419,716
Leasehold improvements	250,000	250,000
Total fixed assets	<u>3,946,034</u>	<u>3,729,385</u>
Total assets	<u>\$ 6,749,199</u>	<u>\$ 6,193,500</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 522,749	\$ 393,679
Accrued salaries	390,797	344,658
Accrued annual leave	200,746	173,836
Total current liabilities	1,114,292	912,173
FIXED ASSET VALUATION ALLOWANCE	<u>3,946,034</u>	<u>3,729,385</u>
Total liabilities	5,060,326	4,641,558
NET ASSETS		
Without donor restrictions	\$ 1,513,280	\$ 1,674,382
With donor restrictions	175,593	(122,440)
Total net assets	<u>1,688,873</u>	<u>1,551,942</u>
Total liabilities and net assets	<u>\$ 6,749,199</u>	<u>\$ 6,193,500</u>

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Statements of Activities

Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT						
<u>Grants awarded</u>						
Federal	\$ -	\$ 14,352,306	\$ 14,352,306	\$ -	\$ 13,865,349	\$ 13,865,349
State	-	515,745	515,745	-	436,900	436,900
Local	200,000	563,240	763,240	209,000	-	209,000
Private grants	63,365	195,860	259,225	244,587	-	244,587
Total support	<u>263,365</u>	<u>15,627,151</u>	<u>15,890,516</u>	<u>453,587</u>	<u>14,302,249</u>	<u>14,755,836</u>
 <u>Revenue</u>						
Donations	27,256	240	27,496	3,401	360	3,761
Interest income	506	-	506	571	-	571
Other revenue	200,553	10,036	210,589	149,991	64,253	214,244
In-kind revenue	-	2,136,383	2,136,383	-	2,056,686	2,056,686
Total revenue	<u>228,315</u>	<u>2,146,659</u>	<u>2,374,974</u>	<u>153,963</u>	<u>2,121,299</u>	<u>2,275,262</u>
 Total support and revenue	<u>491,680</u>	<u>17,773,810</u>	<u>18,265,490</u>	<u>607,550</u>	<u>16,423,548</u>	<u>17,031,098</u>

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Statements of Activities

Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES						
<u>Program services</u>						
Head Start/Early Head Start	\$ -	\$ 13,934,546	\$ 13,934,546	\$ -	\$ 13,140,421	\$ 13,140,421
VA. Department of Social Services	-	1,179,299	1,179,299	-	917,887	917,887
Redevelopment and Housing	-	41,242	41,242	-	50,058	50,058
Department of Veterans Affairs	-	240,169	240,169	-	260,052	260,052
U.S. Housing & Urban Development	-	26,779	26,779	-	20,589	20,589
Childcare	-	159,336	159,336	-	212,448	212,448
Other	-	645,836	645,836	-	632,577	632,577
HRCAP Agency	652,782	-	652,782	356,015	-	356,015
Total program services	652,782	16,227,207	16,879,989	356,015	15,234,032	15,590,047
<u>Support services</u>						
Management and General	-	1,248,570	1,248,570	-	1,276,027	1,276,027
Total expenses	652,782	17,475,777	18,128,559	356,015	16,510,059	16,866,074
Changes in net assets	(161,102)	298,033	136,931	251,535	(86,511)	165,024
NET ASSETS						
Beginning	1,674,382	(122,440)	1,551,942	1,422,847	(35,929)	1,386,918
Ending	\$ 1,513,280	\$ 175,593	\$ 1,688,873	\$ 1,674,382	\$ (122,440)	\$ 1,551,942

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services								Support	Total	
	Head Start / Early Head Start	VA. Department of Social Services	Redevelopment and Housing	Department of Veteran Affairs	U.S. Housing & Urban Development	Childcare	Other	HRCAP Agency	Subtotal		Management and General
Salaries	\$ 6,921,827	\$ 494,987	\$ 25,718	\$ 111,268	\$ 20,112	\$ 117,514	\$ 191,380	\$ 207,180	\$ 8,089,986	\$ 840,248	\$ 8,930,234
Fringe benefits	2,016,041	145,314	8,909	21,415	4,985	29,269	33,359	27,967	2,287,259	249,120	2,536,379
Contractual	127,117	46,161	-	-	400	1,073	29,517	91,368	295,636	9,176	304,812
Travel	92,252	17,935	-	1,772	-	-	7,619	15,218	134,796	6,427	141,223
Rent	624,874	12,750	-	-	-	-	3,065	23,205	663,894	40,846	704,740
Building maintenance	344,570	13,954	1,455	-	-	-	1,000	53,388	414,367	-	414,367
Consumable supplies	1,200,880	6,439	253	2,112	-	2,923	21,540	40,172	1,274,319	54,472	1,328,791
Emergency services	-	102,439	-	92,144	-	-	1,650	-	196,233	-	196,233
Equipment Maintenance	35,442	5,100	-	-	-	-	-	43,987	84,529	-	84,529
Other costs	760,430	60,304	165	11,458	1,282	8,557	310,093	150,297	1,302,586	48,281	1,350,867
In-kind expense	1,811,113	273,916	4,742	-	-	-	46,613	-	2,136,384	-	2,136,384
Total expenses	\$ 13,934,546	\$ 1,179,299	\$ 41,242	\$ 240,169	\$ 26,779	\$ 159,336	\$ 645,836	\$ 652,782	\$ 16,879,989	\$ 1,248,570	\$ 18,128,559

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services								Support	Total	
	Head Start / Early Head Start	VA. Department of Social Services	Redevelopment and Housing	Department of Veteran Affairs	U.S. Housing & Urban Development	Childcare	Other	HRCAP Agency	Subtotal		Management and General
Salaries	\$ 6,707,666	\$ 383,173	\$ 26,724	\$ 131,166	\$ 12,211	\$ 158,329	\$ 175,738	\$ 58,432	\$ 7,653,439	\$ 822,199	\$ 8,475,638
Fringe benefits	2,209,263	109,933	8,319	27,438	4,378	38,325	37,503	31,517	2,466,676	225,712	2,692,388
Contractual	63,164	15,045	-	-	-	1,727	13,663	76,182	169,781	37,686	207,467
Travel	236,320	4,829	-	1,629	428	-	13,032	25,886	282,124	2,885	285,009
Rent	556,761	13,801	-	-	-	-	338	12,725	583,625	82,874	666,499
Building maintenance	298,588	44,891	-	-	-	-	1,187	17,800	362,466	-	362,466
Consumable supplies	898,569	11,891	1,111	2,615	-	4,482	71,637	15,232	1,005,537	63,379	1,068,916
Emergency services	-	61,627	-	85,680	-	-	-	-	147,307	-	147,307
Equipment Maintenance	-	-	-	-	1,041	-	25,560	6,366	32,967	-	32,967
Other costs	532,228	39,061	346	11,524	2,531	9,585	122,289	111,875	829,439	41,292	870,731
In-kind expense	1,637,862	233,636	13,558	-	-	-	171,630	-	2,056,686	-	2,056,686
Total expenses	\$ 13,140,421	\$ 917,887	\$ 50,058	\$ 260,052	\$ 20,589	\$ 212,448	\$ 632,577	\$ 356,015	\$ 15,590,047	\$ 1,276,027	\$ 16,866,074

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Statements of Cash Flows Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 136,931	\$ 165,024
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net changes in assets and liabilities:		
Grants receivable	(448,281)	186,455
Accounts receivable	4,453	(12,704)
Accounts payable	129,070	(29,933)
Accrued salaries	46,139	(3,603)
Accrued annual leave	26,910	7,190
	<u>(104,778)</u>	<u>312,429</u>
Net cash (used in) provided by operating activities	(104,778)	312,429
Net (decrease) increase in cash	(104,778)	312,429
CASH		
Beginning	<u>1,830,526</u>	<u>1,518,097</u>
Ending	<u>\$ 1,725,748</u>	<u>\$ 1,830,526</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Purchases of fixed assets which are expensed	<u>\$ 227,114</u>	<u>\$ 83,902</u>

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 1. NATURE OF BUSINESS

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 Federal TANF workforce development provides job readiness, training and placement assistance to TANF eligible low-income residents in Newport News.</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 Domestic Violence Education and Intervention program serves at-risk residents in the Virginia cities of Newport News, Hampton, Norfolk, Portsmouth, and Chesapeake by providing education, advocacy, and counseling.</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>

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 1. NATURE OF BUSINESS (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> <p>CNI (Choice Neighborhood Initiatives) Lift and connect program is a resource center for residents of the Marshall Ridley neighborhood that will assist with housing relocation and provide access or referrals to other services.</p> <p>STEP (Summer Training Enrichment Program) provides job readiness training and on-the-job training opportunities to youth.</p> <p>Employment for TANF participants program provides job readiness, training, and placement assistance to TANF eligible low-income residents of Newport News.</p>
HRCAP Agency Programs	HRCAP Agency programs provide administrative services to all of the programs.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Hampton Roads Community Action Program, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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.

The Organization maintains multiple accounts at one high credit quality bank. The Federal Deposit Insurance Corporation (FDIC) insures amounts in financial institutions up to \$250,000 for 2019 and 2018. During the year, cash exceeded federally insured limits. 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.

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.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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.

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.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Hampton Roads Community Action Program, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2019:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,725,748	\$ 1,830,526
Accounts receivable	10,000	14,453
Grants receivable	<u>1,067,417</u>	<u>619,136</u>
Total financial assets	<u>2,803,165</u>	2,464,115
Less amounts not available to be used within one year:		
Net assets with donor restrictions	175,593	(122,440)
Less net assets with purpose restrictions to be met in less than a year	<u>(175,593)</u>	<u>122,440</u>
	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months.	<u>\$ 2,803,165</u>	<u>\$ 2,464,115</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$3 million). The Organization has a \$150,000 line of credit available to meet cash flow needs.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 4. GRANTS RECEIVABLE

Grants receivable are composed of the following amounts:

	June 30,	
	2019	2018
Head Start	\$ 669,800	\$ 328,410
Commonwealth of VA	93,331	-
TANF Workforce Development	50,486	-
Amerisource	50,000	-
City of Newport News	39,750	37,500
VA Housing Development Authority	36,785	-
CSBG TANF	34,388	27,919
Domestic Violence	28,438	-
Department of Veteran Affairs	21,050	-
Virginia Cares	18,386	25,609
CNI Lift and Connect	16,702	-
Teen Moms Sentara	6,000	-
United Way	2,302	-
Virginia Department of Health	-	51,336
USDA (VA Department of Health)	-	49,750
Housing Counseling	-	48,969
CSBG Federal	-	37,492
Clean Comfort	-	4,350
Project Human Rights Commission	-	2,250
Discovery	-	3,859
Fair Housing	-	1,692
	<u>\$ 1,067,418</u>	<u>\$ 619,136</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, 2019 and 2018 were \$92,778 and \$116,360, 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, 2019 and 2018, HRCAP had no outstanding balances on this credit line. The line of credit is automatically renewed annually.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2019 and 2018

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.

NOTE 8. OPERATING LEASES

HRCAP currently is leasing office space and equipment. For the years ended June 30, 2019 and 2018, rent expense under these leases totaled \$704,740 and \$666,499, respectively.

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

2020	\$	300,589
2021		222,463
2022		117,053
2023		<u>39,018</u>
	\$	<u>679,123</u>

NOTE 9. SPECIAL EVENTS

HRCAP Agency Program's Statement of Activity includes the 2019 Annual Dinner which had revenues of \$98,714 and expenses of \$45,787 for a net profit of \$52,927.

NOTE 10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 14, 2020, the date the financial statements were available to be issued. Management is not aware of any material subsequent events.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Statement of Activities by Program

Year Ended June 30, 2019

	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
SUPPORT									
Grants awarded									
Federal government	\$ 13,287,774	\$ 705,948	\$ 36,500	\$ 242,150	\$ 26,779	\$ -	\$ 53,155	\$ -	\$ 14,352,306
State government	-	221,787	-	-	-	159,336	134,622	-	515,745
Local government	-	-	-	-	-	-	563,240	200,000	763,240
Private grants	-	-	-	-	-	-	195,860	63,365	259,225
Total support	<u>13,287,774</u>	<u>927,735</u>	<u>36,500</u>	<u>242,150</u>	<u>26,779</u>	<u>159,336</u>	<u>946,877</u>	<u>263,365</u>	<u>15,890,516</u>
REVENUE									
Donations	-	-	-	-	-	-	240	27,256	27,496
Interest income	-	-	-	-	-	-	-	506	506
Other revenue	18,227	4,620	-	-	-	-	(12,811)	200,553	210,589
In-kind revenue	<u>1,811,112</u>	<u>273,916</u>	<u>4,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,613</u>	<u>-</u>	<u>2,136,383</u>
Total revenue	<u>1,829,339</u>	<u>278,536</u>	<u>4,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,042</u>	<u>228,315</u>	<u>2,374,974</u>
Total unrestricted support and revenue	<u>15,117,113</u>	<u>1,206,271</u>	<u>41,242</u>	<u>242,150</u>	<u>26,779</u>	<u>159,336</u>	<u>980,919</u>	<u>491,680</u>	<u>18,265,490</u>
EXPENSES									
Program services:									
Salary and wages	6,921,827	494,987	25,718	111,268	20,112	117,514	191,380	207,180	8,089,986
Fringe benefits	2,016,041	145,314	8,909	21,415	4,985	29,269	33,359	27,967	2,287,259
Contractual	127,117	46,161	-	-	400	1,073	29,517	91,368	295,636
Travel	92,252	17,935	-	1,772	-	-	7,619	15,218	134,796
Rent	624,874	12,750	-	-	-	-	3,065	23,205	663,894
Building maintenance	344,570	13,954	1,455	-	-	-	1,000	53,388	414,367
Consumable supplies	1,200,880	6,439	253	2,112	-	2,923	21,540	40,172	1,274,319
Emergency services	-	102,439	-	92,144	-	-	1,650	-	196,233
Equipment maintenance	35,442	5,100	-	-	-	-	-	43,987	84,529
Other costs	760,430	60,304	165	11,458	1,282	8,557	310,093	150,297	1,302,586
In-kind expense	<u>1,811,113</u>	<u>273,916</u>	<u>4,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,613</u>	<u>-</u>	<u>2,136,384</u>
Total program services	<u>13,934,546</u>	<u>1,179,299</u>	<u>41,242</u>	<u>240,169</u>	<u>26,779</u>	<u>159,336</u>	<u>645,836</u>	<u>652,782</u>	<u>16,879,989</u>
Support services:									
General and administrative expenses	<u>1,182,567</u>	<u>64,022</u>	<u>-</u>	<u>1,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,248,570</u>
Total expenses	<u>15,117,113</u>	<u>1,243,321</u>	<u>41,242</u>	<u>242,150</u>	<u>26,779</u>	<u>159,336</u>	<u>645,836</u>	<u>652,782</u>	<u>18,128,559</u>
Changes in net assets	-	(37,050)	-	-	-	-	335,083	(161,102)	136,931
NET ASSETS									
Beginning	-	2,374	6,660	-	-	-	92,595	1,450,313	1,551,942
Transfer	-	-	-	-	-	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ (34,676)</u>	<u>\$ 6,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,678</u>	<u>\$ 1,289,211</u>	<u>\$ 1,688,873</u>

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Statement of Activities by Program

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
SUPPORT									
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>
REVENUE									
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>
EXPENSES									
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	556,761	13,801	-	-	-	-	338	12,725	583,625
Building maintenance	298,588	44,891	-	-	1,041	-	1,187	17,800	363,507
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
NET ASSETS									
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>

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, 2019 and 2018

	For the 11 Months Ended 5/31/2019	For the 1 Month Ended 6/30/2019	Total	2018 Summarized Total
SUPPORT				
Grants awarded:				
Federal government	\$ 12,271,889	\$ 1,015,885	\$ 13,287,774	\$ 12,730,452
Total support	<u>12,271,889</u>	<u>1,015,885</u>	<u>13,287,774</u>	<u>12,730,452</u>
REVENUE				
Donations	-	-	-	360
Other revenue	17,302	925	18,227	31,714
In-kind revenue	<u>1,642,602</u>	<u>168,510</u>	<u>1,811,112</u>	<u>1,637,862</u>
Total revenue	<u>1,659,904</u>	<u>169,435</u>	<u>1,829,339</u>	<u>1,669,936</u>
Total unrestricted support and revenue	<u>13,931,793</u>	<u>1,185,320</u>	<u>15,117,113</u>	<u>14,400,388</u>
EXPENSES				
Program services:				
Salary and wages	6,250,613	671,214	6,921,827	6,707,666
Fringe benefits	1,833,515	182,526	2,016,041	2,209,263
Contractual	125,737	1,380	127,117	63,164
Travel	85,308	6,944	92,252	236,320
Rent	570,129	54,745	624,874	556,761
Building maintenance	321,726	22,844	344,570	298,588
Consumable supplies	1,164,476	36,404	1,200,880	898,569
Equipment maintenance	35,442	-	35,442	-
Other costs	719,677	40,753	760,430	532,228
In-kind expense	<u>1,642,603</u>	<u>168,510</u>	<u>1,811,113</u>	<u>1,637,862</u>
Total program services	12,749,226	1,185,320	13,934,546	13,140,421
Support services:				
General and administrative expenses	<u>1,182,567</u>	-	<u>1,182,567</u>	<u>1,199,423</u>
Total expenses	<u>13,931,793</u>	<u>1,185,320</u>	<u>15,117,113</u>	<u>14,339,844</u>
Changes in net assets	-	-	-	60,544
NET ASSETS				
Beginning	-	-	-	(60,544)
Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2019 and 2018

	Federal CSBG	Federal TANF	Project Discovery	Domestic Violence Education and Intervention	Virginia Cares	Total	2018 Summarized Total
SUPPORT							
Grants awarded:							
Federal government	\$ 433,448	\$ 272,500	\$ -	\$ -	\$ -	\$ 705,948	\$ 639,094
State government	-	-	51,475	61,556	108,756	221,787	108,356
Private grants	-	-	-	-	-	-	-
Total support	<u>433,448</u>	<u>272,500</u>	<u>51,475</u>	<u>61,556</u>	<u>108,756</u>	<u>927,735</u>	<u>747,450</u>
REVENUE							
Donations	-	-	-	-	-	-	-
Other revenue	-	-	4,620	-	-	4,620	-
In-kind revenue	<u>133,651</u>	<u>75,877</u>	<u>64,388</u>	-	-	<u>273,916</u>	<u>233,636</u>
Total revenue	<u>133,651</u>	<u>75,877</u>	<u>69,008</u>	-	-	<u>278,536</u>	<u>233,636</u>
Total unrestricted support and revenue	<u>567,099</u>	<u>348,377</u>	<u>120,483</u>	<u>61,556</u>	<u>108,756</u>	<u>1,206,271</u>	<u>981,086</u>
EXPENSES							
Program services:							
Salary and wages	219,595	121,263	50,151	38,286	65,692	494,987	383,173
Fringe benefits	79,358	20,412	5,791	12,941	26,812	145,314	109,933
Contractual	19,264	25,086	412	706	693	46,161	15,045
Travel	1,264	-	15,316	54	1,301	17,935	4,829
Rent	11,550	-	-	-	1,200	12,750	13,801
Building maintenance	13,919	-	-	-	35	13,954	44,891
Consumable supplies	1,228	-	3,123	931	1,157	6,439	11,891
Emergency services	-	102,439	-	-	-	102,439	61,627
Equipment maintenance	-	3,300	1,800	-	-	5,100	-
Other costs	23,248	-	16,552	8,638	11,866	60,304	39,061
In-kind expense	<u>133,651</u>	<u>75,877</u>	<u>64,388</u>	-	-	<u>273,916</u>	<u>233,636</u>
Total program services	<u>503,077</u>	<u>348,377</u>	<u>157,533</u>	<u>61,556</u>	<u>108,756</u>	<u>1,179,299</u>	<u>917,887</u>
Support services:							
General and administrative expenses	<u>64,022</u>	-	-	-	-	<u>64,022</u>	<u>63,199</u>
Total expenses	<u>567,099</u>	<u>348,377</u>	<u>157,533</u>	<u>61,556</u>	<u>108,756</u>	<u>1,243,321</u>	<u>981,086</u>
Changes in net assets	-	-	(37,050)	-	-	(37,050)	-
NET ASSETS							
Beginning	-	-	-	-	-	2,374	2,374
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,050)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,676)</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, 2019 and 2018

	Fair Housing	Housing Counseling	Clean Comfort	Total	2018 Summarized Total
SUPPORT					
Grants awarded:					
Federal government	\$ 8,000	\$ 12,000	\$ 16,500	\$ 36,500	\$ 36,500
Private grants	-	-	-	-	-
Total support	<u>8,000</u>	<u>12,000</u>	<u>16,500</u>	<u>36,500</u>	<u>36,500</u>
REVENUE					
Other income	-	-	-	-	-
In-kind revenue	-	-	4,742	4,742	13,558
Total revenue	<u>-</u>	<u>-</u>	<u>4,742</u>	<u>4,742</u>	<u>13,558</u>
Total unrestricted support and revenue	<u>8,000</u>	<u>12,000</u>	<u>21,242</u>	<u>41,242</u>	<u>50,058</u>
EXPENSES					
Program services:					
Salary and wages	5,886	9,544	10,288	25,718	26,724
Fringe benefits	2,114	2,456	4,339	8,909	8,319
Building maintenance	-	-	1,455	1,455	-
Consumable supplies	-	-	253	253	1,111
Other costs	-	-	165	165	346
In-kind expense	-	-	4,742	4,742	13,558
Total program services	<u>8,000</u>	<u>12,000</u>	<u>21,242</u>	<u>41,242</u>	<u>50,058</u>
Changes in net assets	-	-	-	-	-
NET ASSETS					
Beginning	-	-	6,660	6,660	6,660
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, 2019 and 2018

	Supportive Services Veterans Families - 2019	Supportive Services Veterans Families - 2018	Total	2018 Summarized Total
SUPPORT				
Grants awarded:				
Federal government	\$ 180,465	\$ 61,685	\$ 242,150	280,117
Private	-	-	-	-
Total unrestricted support	<u>180,465</u>	<u>61,685</u>	<u>242,150</u>	<u>280,117</u>
EXPENSES				
Program services:				
Salary and wages	88,435	22,833	111,268	131,166
Fringe benefits	16,407	5,008	21,415	27,438
Travel	1,299	473	1,772	1,629
Consumable supplies	174	1,938	2,112	2,615
Emergency Assistance	63,654	28,490	92,144	85,680
Other costs	8,515	2,943	11,458	11,524
Total program services	<u>178,484</u>	<u>61,685</u>	<u>240,169</u>	<u>260,052</u>
Support services:				
General and administrative expenses	1,981	-	1,981	13,405
Total expenses	<u>180,465</u>	<u>61,685</u>	<u>242,150</u>	<u>273,457</u>
Changes in net assets	-	-	-	6,660
NET ASSETS				
Beginning	-	(6,660)	-	(6,660)
Transfer	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ (6,660)</u>	<u>\$ -</u>	<u>\$ -</u>

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
U. S. HOUSING & URBAN DEVELOPMENT
 Statements of Activities and Changes in Net Assets
 Years Ended June 30, 2019 and 2018

	2019	2018
SUPPORT		
Grants awarded:		
Federal government	\$ 26,779	\$ 31,000
Total unrestricted support	26,779	31,000
EXPENSES		
Program services:		
Salary and wages	20,112	12,211
Fringe benefits	4,985	4,378
Contractual	400	-
Travel	-	428
Building maintenance	-	1,041
Other costs	1,282	2,531
Total program services	26,779	20,589
Changes in net assets	-	10,411
NET ASSETS		
Beginning	-	(10,411)
Ending	\$ -	\$ -

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

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2019 and 2018

	2019	2018
SUPPORT		
Grants awarded:		
State government	\$ 159,336	\$ 212,448
Total unrestricted support	159,336	212,448
EXPENSES		
Program services:		
Salary and wages	117,514	158,329
Fringe benefits	29,269	38,325
Contractual	1,073	1,727
Consumable supplies	2,923	4,482
Other costs	8,557	9,585
Total program services	159,336	212,448
Changes in net assets	-	-
NET ASSETS		
Beginning	-	-
Transfer	-	-
Ending	\$ -	\$ -

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

OTHER PROGRAMS

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2019 and 2018

	Head Start Sun Safety Project	VITA	VHDA Counseling & Education	Wells Fargo Career Development	VA Community Action Partnership	Sentara Teen Moms	Virginia Dep't of Veterans' Services	CNI Lift & Connect Resource Center	STEP	Opioid and Substance Abuse Prevention	Employment for TANF Participants	Other	Total	2018 Summarized Total
SUPPORT														
Grants awarded:														
Federal government	\$ -	\$ 42,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,030	\$ 53,155	\$ 148,186
State government	93,331	-	-	-	-	-	41,291	-	-	-	-	-	134,622	116,096
Local government	-	-	-	-	-	-	-	18,773	378,000	-	157,467	9,000	563,240	9,000
Private grants	-	-	82,180	-	16,000	19,500	6,077	-	-	50,000	-	22,103	195,860	215,069
Total support	93,331	42,125	82,180	-	16,000	19,500	47,368	18,773	378,000	50,000	157,467	42,133	946,877	488,351
REVENUE														
Donations	-	-	-	-	-	240	-	-	-	-	-	-	240	-
Other revenue	-	-	-	(25,875)	-	-	2,600	-	-	-	-	10,464	(12,811)	32,539
In-kind revenue	-	40,605	-	-	-	-	-	-	-	-	6,008	-	46,613	171,630
Total unrestricted support and revenue	93,331	82,730	82,180	(25,875)	16,000	19,740	49,968	18,773	378,000	50,000	163,475	52,597	980,919	692,520
EXPENSES														
Program services:														
Salary and wages	-	23,019	38,757	-	4,517	16,466	-	15,290	16,641	-	59,604	17,086	191,380	175,738
Fringe benefits	-	3,458	6,553	-	1,772	1,730	-	1,996	4,649	-	8,942	4,259	33,359	37,503
Contractual	-	300	3,500	-	4,000	203	-	110	5,089	-	11,928	4,387	29,517	13,663
Travel	-	3,245	-	-	1,836	522	490	-	-	-	344	-	7,619	13,032
Rent	-	-	-	-	-	-	-	-	-	-	-	3,065	3,065	338
Building maintenance	-	-	1,000	-	-	-	-	-	-	-	-	-	1,000	1,187
Consumable supplies	-	4,459	200	-	110	-	3,687	919	2,593	-	5,549	4,023	21,540	71,637
Emergency services	-	-	-	-	-	-	-	-	-	-	-	1,650	1,650	-
Equipment maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	25,560
Other costs	93,331	7,644	32,170	1,702	4,127	2,509	50,748	458	17,478	-	71,100	28,826	310,093	122,289
In-kind expenses	-	40,605	-	-	-	-	-	-	-	-	6,008	-	46,613	171,630
Total program services	93,331	82,730	82,180	1,702	16,362	21,430	54,925	18,773	46,450	-	163,475	64,478	645,836	632,577
Support services:														
General and administrative expenses														
Total expenses	93,331	82,730	82,180	1,702	16,362	21,430	54,925	18,773	46,450	-	163,475	64,478	645,836	632,577
Changes in net assets	-	-	-	(27,577)	(362)	(1,690)	(4,957)	-	331,550	50,000	-	(11,881)	335,083	59,943
NET ASSETS														
Beginning	-	-	-	27,577	362	1,690	11,611	-	-	-	-	51,355	92,595	32,652
Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,654	\$ -	\$ 331,550	\$ 50,000	\$ -	\$ 39,474	\$ 427,678	\$ 92,595

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
HRCAP AGENCY PROGRAMS

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2019 and 2018

	2019	2018
SUPPORT		
Grants awarded:		
Local government	\$ 200,000	\$ 200,000
Private grants	63,365	29,518
Total support	263,365	229,518
REVENUE		
Donations	27,256	3,401
Interest income	506	571
Other revenue	200,553	149,991
Total revenue	228,315	153,963
Total unrestricted support and revenue	491,680	383,481
EXPENSES		
Program services:		
Salary and wages	207,180	58,432
Fringe benefits	27,967	31,517
Contractual	91,368	76,182
Travel	15,218	25,886
Rent	23,205	12,725
Building maintenance	53,388	17,800
Consumable supplies	40,172	15,232
Equipment maintenance	43,987	6,366
Other costs	150,297	111,875
Total program services	652,782	356,015
Changes in net assets	(161,102)	27,466
NET ASSETS		
Beginning	1,450,313	1,422,847
Transfer	-	-
Ending	\$ 1,289,211	\$ 1,450,313

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, 2019, and the related statement of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2020.

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

January 14, 2020



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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, 2019. 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, 2019.

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

January 14, 2020

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Program Title	Federal CFDA Number	Federal Expenditures
U.S Department of Health and Human Services:		
<u>Direct programs:</u>		
Head Start and Early Head Start*	93.600	\$ 12,339,666
<u>Pass-through programs from:</u>		
Commonwealth of Virginia:		
Community Services Block Grant	93.569	433,448
Temporary Assistance for Needy Families	93.558	272,500
Total U.S. Department of Health and Human Services		<u>13,045,614</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>948,108</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 programs from:</u>		
Virginia Housing Development Authority:		
Housing Counseling Assistance Program	14.218	26,779
Capacity Building for Community Development	14.252	11,030
Total Department of Housing and Urban Development		<u>74,309</u>
Department of Veterans' Affairs:		
<u>Direct program:</u>		
VA Supportive Services for Veteran Families Program	64.033	<u>242,150</u>
Department of the Treasury		
Direct programs:		
VITA	21.009	<u>42,125</u>
Total Expenditures of Federal Awards		<u><u>\$ 14,352,306</u></u>

* Major program

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, 2019

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, 2019. 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.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

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
10.558	Child and Adult Food Care Program

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 high-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS -- MAJOR FEDERAL AWARD PROGRAMS AUDIT

None