

Community Action Agency

Jackson, Michigan



Financial Statements
For the Years Ended September 30, 2018 and 2017

Community Action Agency

Financial Statements and Additional Information
For the Years Ended September 30, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

March 22, 2019

Board of Directors
Community Action Agency
Jackson, Michigan

Report on the Financial Statements

We have audited the accompanying basic financial statements of *Community Action Agency* (the "Agency"), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities 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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action Agency as of September 30, 2018 and 2017, and the changes in its 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 Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of Community Action Agency as a whole. The Schedule of Financial Position by Fund, Schedule of Activities by Fund, and Schedule of Activities for Operations by Program are presented for the purpose of additional analysis and are not a required part of the financial statements. These Schedules have not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2019, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehman Robson LLC". The signature is written in a cursive, flowing style.

Community Action Agency

Statements of Financial Position

September 30,

<i>Assets</i>	<i>2018</i>	<i>2017</i>
Current assets:		
Cash and cash equivalents	\$ 186,784	\$ 114,813
Restricted cash and cash equivalents	335,669	488,528
Accounts receivable - grants, interest and other	1,104,482	1,000,340
Prepaid expenses	73,025	134,537
Current portion of mortgage receivable	1,500	1,500
Total current assets	1,701,460	1,739,718
Property and equipment:		
Land	295,304	295,304
Buildings and improvements	4,107,484	4,096,383
Fixtures and equipment	562,018	562,018
Vehicles	191,959	204,899
Leasehold improvements	314,745	314,745
Total	5,471,510	5,473,349
Less accumulated depreciation	2,682,044	2,525,445
Property and equipment, net	2,789,466	2,947,904
Beneficial interest in community foundations	99,017	93,919
Other noncurrent assets:		
Mortgage receivable, net of current portion	7,643	8,995
Total assets	\$ 4,597,586	\$ 4,790,536

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

September 30,

<i>Liabilities and Net Assets</i>	<i>2018</i>	<i>2017</i>
Current liabilities:		
Accounts payable	\$ 195,550	\$ 166,874
Accrued interest payable	10,323	10,680
Accrued personnel expenses	621,894	807,539
Advanced program income	739,175	723,007
Current portion of long-term debt	41,965	42,220
Total current liabilities	1,608,907	1,750,320
Noncurrent liabilities:		
Long-term debt, net of current portion	1,009,307	1,051,270
Total liabilities	2,618,214	2,801,590
Net assets:		
Unrestricted		
Investment in property and equipment	1,404,433	1,483,535
Undesignated	574,939	505,411
Total unrestricted	1,979,372	1,988,946
Total net assets	1,979,372	1,988,946
Total liabilities and net assets	\$ 4,597,586	\$ 4,790,536

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

Community Action Agency

Statements of Activities

For the Years Ended September 30,

	<u>2018</u>	<u>2017</u>
Change in unrestricted net assets:		
Support and revenue:		
Program revenue	\$ 13,538,872	\$ 13,786,915
Contributions	140,689	144,059
Contributed services, facilities, and materials	790,818	997,775
Fees and services	41,795	74,885
Investment income	5,273	9,471
Other	164,107	50,897
Total support and revenue - unrestricted	14,681,554	15,064,002
Expenses:		
Program services:		
Community development	592,480	848,001
Housing services	2,499,786	2,678,073
Health and nutrition	465,555	556,558
Education	9,252,221	9,200,263
Administrative and general	1,888,191	1,843,223
Total expenses - unrestricted	14,698,233	15,126,118
Excess (Deficiency) of Support and Revenue	(16,679)	(62,116)
Net gain (loss) on disposal of property and equipment	7,105	(161,412)
Change in unrestricted net assets	(9,574)	(223,528)
Net assets - beginning of period	1,988,946	2,212,474
Net assets - end of period	\$ 1,979,372	\$ 1,988,946

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

Community Action Agency

Statements of Cash Flows

For the Years Ended September 30,

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	(\$ 9,574)	(\$ 223,528)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Depreciation	182,573	202,339
(Gain) Loss on disposal of property	(7,105)	161,412
Change in value of assets held by community foundations	(5,098)	(9,249)
Changes in operating assets and liabilities:		
Accounts receivable - grants, interest and other	(104,142)	293,706
Prepaid expenses	61,512	1,420
Accounts payable	28,676	(111,870)
Accrued interest payable	(357)	(342)
Accrued personnel expenses	(185,645)	(12,951)
Advanced program income	16,168	(156,598)
Net Cash Provided (Used) in Operating Activities	(22,992)	144,339
Cash flows from investing activities:		
Restricted cash	152,859	129,817
Acquisition of property and equipment	(32,100)	(278,103)
Insurance proceeds from disposal of assets	15,070	0
Collections net of loan increase on mortgage receivable	1,352	1,542
Net Cash Provided (Used) in Investing Activities	137,181	(146,744)
Cash flows used in financing activities:		
Payments on long-term debt	(42,218)	(44,700)
Net increase (decrease) in cash and cash equivalents	71,971	(47,105)
Cash and cash equivalents - beginning of period	114,813	161,918
Cash and cash equivalents - end of period	\$ 186,784	\$ 114,813
Supplemental other cash activity:		
Interest paid	\$ 57,122	\$ 59,324
Supplemental non-cash activity:		
Revolving loans forgiven	\$ 31,664	\$ 22,016

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

Community Action Agency

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

The summary of significant accounting policies of Community Action Agency (the “Agency”) is presented to assist in understanding the Agency’s financial statements. The financial statements and notes are representations of the Agency’s management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Agency was established to focus available resources on enabling low-income families and individuals in Jackson, Lenawee, and Hillsdale counties to attain skills, knowledge, and motivations and to secure opportunities needed to become fully self-sufficient. The Agency provides services, instructions, and programs to further this mission.

The Agency receives funds primarily in the form of grants from federal, state, and local governmental agencies. Grants are applied for annually and management anticipates subsequent grants to be renewed at current levels. Approximately 59% for the year ended September 30, 2018 and 54% for the year ended September 30, 2017 of the Agency’s funding is received under a federal Head Start\Early Head Start grant.

Basis of Accounting

These statements have been prepared on the accrual basis of accounting.

Contributed Support

The Agency reports grants received from foundations and corporations as restricted contributions if they are received with donor stipulations that limit the use of the contributed assets. When a donor restriction expires, that is, when the 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. If a donation restriction is satisfied in the year of donation, the donation is recorded as an unrestricted contribution.

Contributed Services, Facilities, and Materials

Some of the Agency’s operations are located in various buildings owned by others. If rent is charged, it is typically at a reduced rate. The difference between the fair market value and the rent charged is classified as contributed facilities. Various materials have been donated by individuals and local businesses that have been reported at their fair market value.

These values, if any, are reflected in the accompanying financial statements as both support and expense. The Agency did not have any contributed facilities or materials for the years ended September 30, 2018 and 2017.

Community Action Agency

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Contributed Services, Facilities, and Materials (Continued)

Volunteers provide assistance to the Agency on its program and support activities. Contributed professional services requiring a specialized skill were provided to the following programs as summarized below. The Agency assigns values to these services based on similar occupations within the community.

	<u>2018</u>	<u>2017</u>
Head Start	\$ 540,533	\$ 648,503
Early Head Start	250,285	349,272
<u>Total</u>	<u>\$ 790,818</u>	<u>\$ 997,775</u>

Program Revenue

The Agency reports grants received from governmental agencies as operating support if the grants are received with stipulations that specify the method of delivery of services to third-party recipients or that the grants are received in exchange for specified or specific benefits. Amounts received, but not yet earned, are reported as advanced program income. Amounts earned, but not yet received, are reported as accounts receivable. No provision for uncollectible amounts has been recorded inasmuch as management expects all amounts billed by the Agency will be received.

Property, Equipment, and Depreciation

Property and equipment assets acquired by the Agency are stated at cost. Included in such assets are assets purchased with grant funds and in which the grantor retains a reversionary interest. Expenses, which represent additions or betterments, are capitalized. Expenses for maintenance and repairs are charged directly to operations at the time the expense is incurred. Management reviews these assets to determine whether carrying values have been impaired.

Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 40 years. The Agency considers property and equipment to be items with a cost of \$5,000 or more and a useful life of over one year.

Functional Allocation of Expenses

The costs of provision of programs and the administration of the Agency have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Community Action Agency

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Income Taxes

The Agency is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Agency was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to “unrelated business taxable income.”

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cost Allocation

The Agency accumulates administrative costs in an indirect cost pool and allocates these costs to programs based on each program’s total direct salaries and wages including all fringe benefits. Administrative costs are those costs incurred for the common benefit of all Agency programs that cannot be readily identified with a final cost objective. This plan has been approved by the Department of Health and Human Services. The approved provisional rate for the years ended September 30, 2017 and 2018 was 14.9%.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all certificates of deposit and short-term investments purchased with a maturity date of three months or less to be cash equivalents.

Restricted Cash

The Agency had restricted cash as of September 30, 2018 and 2017 of \$335,669 and \$488,528, respectively. The Independence Demonstration Grant programs had restricted cash as of September 30, 2018 and 2017 in the amount of \$260,843 and \$412,722, respectively, which is used to match funds deposited by participants into their individual development accounts which are the participant’s bank accounts and are not reflected in these financial statements. The Agency runs a Partners in Transportation program that provides transportation assistance to low-income clients for which there was restricted cash as of September 30, 2017 in the amount of \$10,087. The Agency constructed a facility in Hillsdale County funded in part by a United States Department of Agriculture (USDA) loan in the amount of \$1,100,000 which required the establishment of a Replacement and Repair Reserve Account which had a balance at September 30, 2018 and 2017 in the amount of \$74,826 and \$65,719, respectively.

Community Action Agency

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of Fair Value Measurements, refer to Note 2 to the financial statements.

Income Tax Uncertain Tax Positions

The Agency analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, for all open tax years in these jurisdictions, to identify potential uncertain tax positions. The Agency treats interest and penalties attributable to income taxes, and reflects any charges for such, to the extent they arise, as a component of its supporting services expenses. The Agency has evaluated its income tax filing positions for fiscal years 2014 through 2018, the years which remain subject to examination as of September 30, 2018. The Agency concluded that there are no significant uncertain tax positions requiring recognition in the Agency's financial statements. The Agency does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Agency does not have any amounts accrued for interest and penalties related to UTBs at September 30, 2018 or 2017, and is not aware of any claims for such amounts by federal or state income tax authorities.

Community Action Agency

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Concluded)

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to September 30, 2018, the most recent statement of financial position presented herein, through March 22, 2019, the date these financial statements were available to be issued.

Note 2 Beneficial Interest in Community Foundations

The Agency utilizes fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. The beneficial interest in community foundations is recorded at fair value on a recurring basis.

Following is a description of the valuation methodologies and key inputs used to measure the beneficial interest in community foundations recorded at fair value. The asset description includes an indication of the level of the fair value hierarchy in which the assets are classified.

Beneficial Interest in Community Foundations: The underlying assets cannot be liquidated or redeemed by the Agency. As such, no quoted prices or active market are available for this asset and this asset is classified as Level 3. As a practical expedient, the carrying value of this asset is equal to the fair value of the total investments held in the community foundation, as determined by the community foundation.

The preceding methods described may produce a fair value calculation that may not be reflective of future fair values. Furthermore, although the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth the summary of changes in the fair value of the Agency's beneficial interest in community foundations (level 3 assets):

	Jackson	Lenawee	Hillsdale	Total
Balance, October 1, 2016	\$ 38,817	\$ 26,317	\$ 19,536	\$ 84,670
Realized and unrealized gain (loss)	3,935	2,964	2,350	9,249
Balance, September 30, 2017	\$ 42,752	\$ 29,281	\$ 21,886	\$ 93,919
Realized and unrealized gain (loss)	2,278	1,882	938	5,098
Balance, September 30, 2018	\$ 45,030	\$ 31,163	\$ 22,824	\$ 99,017

Community Action Agency

Notes to Financial Statements

Note 3 Revolving Loan Program

The Agency operates a CDBG revolving loan program as the third party administrator for Jackson, Lenawee and Hillsdale Counties, which provides assistance to income eligible participants for housing rehabilitation. Assistance is expensed to the appropriate grant award when the assistance is provided and a lien is placed on the property by the appropriate County. The majority of CDBG loans require no debt payments and defers repayment until the home is sold or title of the home transfers. As the third party administrator, the Agency collects proceeds from loan repayments on behalf of the appropriate County to be re-loaned in accordance with the terms of the original grant. Loan repayments, in the form of restricted cash, were held by the County of Jackson, Lenawee and Hillsdale as of September 30, 2018 in the amounts of \$120,240, \$115,055 and \$45,875, respectively.

The Revolving loan balances of each respective County are as follows:

	Balance 09/30/18	Balance 09/30/17
County of Jackson	\$ 969,680	\$ 970,316
County of Lenawee	1,460,603	1,492,267
County of Hillsdale	646,739	647,604
Revolving Loans Total	\$ 3,077,022	\$ 3,110,187

Note 4 Mortgage Receivable

The Agency received a grant from the U.S. Department of Housing and Urban Development (HUD) and the Michigan State Housing Development Authority (MSHDA) to purchase and rehab a dwelling to be used for transitional housing of low-income individuals. The Agency transferred \$89,910 of these grant funds to Aware, Inc. to purchase a home and took a twenty-five year mortgage on the home, which bears no interest and has no payments due as long as HUD and MSHDA program regulations are followed. The mortgage was to be forgiven January 2, 2027. In October 2015, Aware, Inc. transferred ownership of the home to the Agency and the mortgage was forgiven. The Agency will operate housing programs at this location following HUD and MSHDA program regulations through the required period.

The Agency purchased a house that was later sold to an outside party on a mortgage which bears interest at a rate of 6%, had an initial value of \$7,210 and a maturity date of November 1, 2015, at which time any remaining balance is payable in full. As the outside party was unable to repay the remaining balance in full, the Agency executed a new mortgage with the outside party on December 31, 2016 which has an initial balance of \$11,336, maturity date of December 25, 2026, and charges no interest. The mortgage has a balance as of September 30, 2018 and 2017 of \$9,143 and \$10,495, respectively. The mortgagor is currently making timely monthly payments.

Community Action Agency

Notes to Financial Statements

Note 5 Long-Term Debt

Long-term debt at September 30, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</u>
Note Payable – 2013 Ford Edge – payable in monthly installments of \$518 with no interest charged, final payment January 2018.	\$ 0	\$ 2,032
Mortgage payable – collateralized by building and land, with interest at 5.05% per annum, payable in monthly installments of \$1,774, including interest, with a final payment due in April 2021.	197,150	208,041
Mortgage payable – loaned through the United States Department of Agriculture, collateralized by building and land, with interest at 4.125% per annum, payable in yearly installments of \$65,736, including interest, with a final payment due in June 2037.	<u>854,122</u>	<u>883,417</u>
	1,051,272	1,093,490
Current portion	<u>(41,965)</u>	<u>(42,220)</u>
Net long-term debt	<u><u>\$1,009,307</u></u>	<u><u>\$1,051,270</u></u>

The principal payments required at September 30, 2018, during the succeeding years, are as follows:

2019	\$ 41,965
2020	43,799
2021	206,723
2022	34,436
2023	35,857
Thereafter	<u>688,492</u>
Total	<u><u>\$1,051,272</u></u>

Note 6 Leases

The Agency rents a number of facilities for Head Start classrooms. These facilities are rented on an annual basis. The Agency is responsible for all the minor repairs, maintenance, and utilities of some of these facilities. Rent expense for the years ending September 30, 2018 and 2017 was \$162,100 and \$200,975, respectively. The Agency also leases office equipment under noncancelable operating leases expiring at various times through December 2022. Expenses for equipment leases for the years ending September 30, 2018 and 2017 were \$46,560.

Community Action Agency

Notes to Financial Statements

Note 6 **Leases (Concluded)**

Future minimum lease payments are as follows:

<u>Years Ended September 30</u>	<u>Equipment Leases</u>
2019	\$ 46,560
2020	46,560
2021	46,560
2022	11,640
<u>Totals</u>	<u>\$ 151,320</u>

Note 7 **Retirement Plan**

The Agency has a defined contribution retirement plan authorized under Section 403(b) of the Internal Revenue Code. The plan is open to all employees who have been employed by the Agency for six months and are at least 18 years of age. The Agency's contributions vest as follows:

<u>Years of Service</u>	<u>Vesting Percentage</u>
One	0%
Two	0%
Three	100%

The Agency contributes 4% plus a match of up to 4% of each employee's contribution made on covered wages. The Agency's employer contribution was \$380,144 and \$379,004 for the years ended September 30, 2018 and 2017, respectively.

Note 8 **Contingencies**

The Agency receives a substantial amount of its support from federal, state, and local governments. A significant reduction in the level of this support, if it were to occur, may have a negative effect on the Agency's programs and activities.

Federal, state, and local government grants received by the Agency are subject to audit and adjustment by grantor agencies. If grant revenue is received for expenses, which are subsequently disallowed, the Agency may be required to repay the revenue. In the opinion of management of the Agency, liabilities resulting from such disallowed expenses, if any, will not be material to the financial statements.

Community Action Agency

Notes to Financial Statements

Note 8 **Contingencies (Concluded)**

The Agency received a grant in fiscal year 2002 from the HUD and MSHDA to purchase and renovate three houses as part of the Garfield Square Development. The Agency loaned \$89,910 of grant funds to Aware, Inc. to purchase one of the homes. As described in Note 4, in October 2015 Aware, Inc. transferred ownership of the home to the Agency and the mortgage was forgiven. The other two houses were purchased by the Agency for \$134,393. According to the terms of the grant, the Agency must comply with HUD and MSHDA guidelines until January 2, 2027. Should the Agency or Aware, Inc. fail to adhere to HUD and MSHDA grant terms, the Agency would have to re-pay HUD and MSHDA.

The Agency received a grant in fiscal year 2005 from HUD and MSHDA to purchase and renovate two houses as part of the Partnership Park Acquisition and rehab Grant. The two houses were purchased and renovated for a total cost of \$387,821 of which \$384,000 was paid for equally by the two grantors. The Agency was required to comply with the MSHDA grant guidelines until March 14, 2015. According to the terms of the HUD grant, the Agency must comply with its guidelines until March 14, 2025. Should the Agency fail to adhere to the HUD grant terms through March 14, 2015, the Agency would have to re-pay the full amount of the acquisition and rehab (\$192,000) to HUD. Beginning March 14, 2017, HUD is reducing the percentage of the amount required to be repaid by 10% each year until March 14, 2025.

Note 9 **Upcoming Accounting Pronouncement**

In August 2016, the Financial Accounting Standards Board issued ASU No. 2016-14, Not-for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities, which will be effective for the Agency's annual financial statements for the year ending September 30, 2019. This ASU (1) reduces the number of net asset classes presented from three to two; (2) modifies the presentation of underwater endowment funds and related disclosures; (3) requires enhanced disclosures concerning board designated net assets; (4) requires the presentation of expenses by functional and natural classification in one location; (5) requires quantitative and qualitative disclosures about liquidity and availability of financial assets; (6) requires the presentation of investments return net of external and direct internal investment expenses; (7) removes the requirement to present an indirect method operation cash flow reconciliation when presenting a direct method statement of cash flows; and (8) requires the use of the placed in service approach to recognize the expiration of restrictions on gifts used to acquire or construct long lived assets absent explicit donor stipulations otherwise. Management has evaluated the provisions of ASU 2016-14 and has determined that the presentation of the financial statement will need to be modified as required by the ASU; however, there will be no significant changes in the Agency's accounting policies.

Community Action Agency

Schedule A-1

Schedule of Financial Position by Fund

As of September 30,

<i>Assets</i>				
	Operations	Property and Equipment	2018 Totals	2017 Totals
Current assets:				
Cash and cash equivalents	\$ 510,222	(\$ 323,438)	\$ 186,784	\$ 114,813
Restricted cash and cash equivalents	335,669	0	335,669	488,528
Accounts receivable - grants, interest, and other	1,104,482	0	1,104,482	1,000,340
Prepaid expenses	73,025	0	73,025	134,537
Current portion of mortgage receivable	1,500	0	1,500	1,500
Total current assets	2,024,898	(323,438)	1,701,460	1,739,718
Property and equipment:				
Land	0	295,304	295,304	295,304
Buildings and improvements	0	4,107,484	4,107,484	4,096,383
Fixtures and equipment	0	562,018	562,018	562,018
Vehicles	0	191,959	191,959	204,899
Leasehold improvements	0	314,745	314,745	314,745
Total	0	5,471,510	5,471,510	5,473,349
Less accumulated depreciation	0	2,682,044	2,682,044	2,525,445
Property and equipment, net	0	2,789,466	2,789,466	2,947,904
Beneficial interest in community foundations	99,017	0	99,017	93,919
Other noncurrent assets:				
Mortgage receivable, net of current portion	7,643	0	7,643	8,995
Total assets	\$ 2,131,558	\$ 2,466,028	\$ 4,597,586	\$ 4,790,536

Liabilities and Net Assets

	Operations	Property and Equipment	2018 Totals	2017 Totals
Current liabilities:				
Accounts payable	\$ 195,550	\$ 0	\$ 195,550	\$ 166,874
Accrued interest payable	0	10,323	10,323	10,680
Accrued personnel expenses	621,894	0	621,894	807,539
Advanced program income	739,175	0	739,175	723,007
Current portion of long-term debt	0	41,965	41,965	42,220
Total current liabilities	1,556,619	52,288	1,608,907	1,750,320
Noncurrent liabilities:				
Long-term debt, net of current portion	0	1,009,307	1,009,307	1,051,270
Total liabilities	1,556,619	1,061,595	2,618,214	2,801,590
Net assets:				
Unrestricted				
Investment in property and equipment	0	1,404,433	1,404,433	1,483,535
Undesignated	574,939	0	574,939	505,411
Total unrestricted	574,939	1,404,433	1,979,372	1,988,946
Total net assets	574,939	1,404,433	1,979,372	1,988,946
Total liabilities and net assets	\$ 2,131,558	\$ 2,466,028	\$ 4,597,586	\$ 4,790,536

Community Action Agency

Schedule B-1 Schedule of Activities by Fund For the Years Ended September 30,

	Operations	Property and Equipment	2018 Totals	2017 Totals
Change in unrestricted net assets:				
Support and revenue:				
Program revenue	\$ 13,538,872	\$ 0	\$ 13,538,872	\$ 13,786,915
Contributions	140,689	0	140,689	144,059
Contributed services, facilities, and materials	790,818	0	790,818	997,775
Fee for services	41,795	0	41,795	74,885
Investment income	5,264	9	5,273	9,471
Other	150,859	13,248	164,107	50,897
Total support and revenue - unrestricted	14,668,297	13,257	14,681,554	15,064,002
Expenses:				
Program services:				
Community development	584,447	8,033	592,480	848,001
Housing services	2,474,226	25,560	2,499,786	2,678,073
Health and nutrition	450,219	15,336	465,555	556,558
Education	9,137,199	115,022	9,252,221	9,200,263
Administrative and general	1,859,132	29,059	1,888,191	1,843,223
Total expenses - unrestricted	14,505,223	193,010	14,698,233	15,126,118
Excess (Deficiency) of Support and Revenue	163,074	(179,753)	(16,679)	(62,116)
Net gain (loss) on disposal of property and equipment	0	7,105	7,105	(161,412)
Transfers from property and equipment	(93,546)	93,546	0	0
Change in unrestricted net assets	69,528	(79,102)	(9,574)	(223,528)
Net assets - beginning of period	505,411	1,483,535	1,988,946	2,212,474
Net assets - end of period	\$ 574,939	\$ 1,404,433	\$ 1,979,372	\$ 1,988,946

Community Action Agency

Schedule C-1

Schedule of Activities for Operations by Program
For the Year Ended September 30, 2018

	COMMUNITY DEVELOPMENT							
	Community Service Block Grant (1)	MSHDA Partnership Park (2)	CHDO City of Jackson (3)	Family Self Sufficiency (4)	Community Development Fund (5)	CSBG Discretionary (6)	Jackson U/W Financial Freedom (7)	Partners in Transportation (8)
SUPPORT AND REVENUE								
Program revenue	\$ 539,029	\$ 39,895	\$ 340	\$ 6,379	\$ 0	\$ 20,500	\$ 37,894	\$ 0
Contributions	0	0	0	0	0	0	0	0
Contributed services, facilities, and materials	0	0	0	0	0	0	0	0
Fees and services	0	0	2,500	0	0	0	0	0
Investment income	0	0	0	0	0	0	0	1
Other	0	993	0	0	18,485	0	6,018	1,197
Total Support and Revenue	539,029	40,888	2,840	6,379	18,485	20,500	43,912	1,198
EXPENSES								
Salaries and Related Benefits								
Salaries and wages	111,728	0	0	2,057	0	0	14,999	0
Employee benefits	28,901	0	0	1,105	0	0	5,196	0
Payroll taxes	14,514	0	0	243	0	0	1,775	0
Total Salaries and Related Benefits	155,143	0	0	3,405	0	0	21,970	0
Professional services	25,039	38,043	0	69	0	20,500	5,438	0
Occupancy	26,471	0	0	411	0	0	4,750	0
Vehicle expenses	0	0	0	0	0	0	0	0
Repairs and maintenance	0	0	0	0	6,845	0	0	0
Telephone	3,139	0	0	97	18	0	586	0
Office expense	6,897	0	0	1,555	0	0	10	0
Travel	8,829	0	0	61	0	0	1,210	0
Supplies	1,557	2,845	0	3	0	0	260	0
Training	12,903	0	340	0	144	0	315	0
Client services	0	0	0	0	0	0	2,007	2,350
Other	1,699	0	0	271	0	0	4,092	0
Contributed services, facilities, and materials	0	0	0	0	0	0	0	0
Indirect cost share	23,116	0	0	507	0	0	3,274	0
Total Expenses	264,793	40,888	340	6,379	7,007	20,500	43,912	2,350
Excess (Deficiency) of Support and Revenue								
Over Expenses Before Transfers	274,236	0	2,500	0	11,478	0	0	(1,152)
Net Assets - Unrestricted - October 1, 2017	0	0	0	0	27,811	0	0	1,152
Operating transfers in (out)	(274,236)	0	(2,500)	0	(15,352)	0	0	0
Transfers from (to) property and equipment fund (general admin.)	0	0	0	0	0	0	0	0
NET ASSETS - UNRESTRICTED - END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,937	\$ 0	\$ 0	\$ 0

Community Action Agency

Schedule C-2

Schedule of Activities for Operations by Program
For the Year Ended September 30, 2018

	COMMUNITY DEVELOPMENT							
	Migrant Services (9)	IDAs-OLHSA (10)	IDA's Regional Coordination (11)	IDA - T/ TA (12)	IRS VITA Tax Program (13)	Jackson U/W VITA (14)	IDA AFI - 6 (15)	IDA AFI - 7 (16)
SUPPORT AND REVENUE								
Program revenue	\$ 0	\$ 11,000	\$ 755	\$ 9,930	\$ 97,845	\$ 14,620	\$ 32,000	\$ 81,131
Contributions	150	0	0	0	796	0	0	0
Contributed services, facilities, and materials	0	0	0	0	193,986	0	0	0
Fees and services	0	0	0	0	0	0	0	0
Investment income	0	0	0	0	0	0	35	131
Other	2,046	0	0	0	0	0	0	0
Total Support and Revenue	2,196	11,000	755	9,930	292,627	14,620	32,035	81,262
EXPENSES								
Salaries and Related Benefits								
Salaries and wages	0	5,475	0	0	36,955	5,013	0	0
Employee benefits	0	1,510	0	0	13,277	1,668	0	0
Payroll taxes	0	498	0	0	3,557	488	0	0
Total Salaries and Related Benefits	0	7,483	0	0	53,789	7,169	0	0
Professional services	4,204	2,041	31	0	11,078	107	0	0
Occupancy	1,945	289	200	0	20,103	1,998	35	131
Vehicle expenses	0	0	0	0	0	0	0	0
Repairs and maintenance	0	0	0	0	65	50	0	0
Telephone	144	64	15	0	1,075	1,417	0	0
Office expense	278	0	60	0	8,376	2,806	0	0
Travel	560	0	70	0	605	0	0	0
Supplies	50	8	0	9,930	2,625	5	0	0
Training	35	0	0	0	0	0	0	0
Client services	2,047	0	0	0	0	0	32,000	81,131
Other	0	0	379	0	0	0	0	0
Contributed services, facilities, and materials	0	0	0	0	193,986	0	0	0
Indirect cost share	0	1,115	0	0	8,015	1,068	0	0
Total Expenses	9,263	11,000	755	9,930	299,717	14,620	32,035	81,262
Excess (Deficiency) of Support and Revenue								
Over Expenses Before Transfers	(7,067)	0	0	0	(7,090)	0	0	0
Net Assets - Unrestricted - October 1, 2017	0	0	0	0	0	0	0	0
Operating transfers in (out)	7,067	0	0	0	7,090	0	0	0
Transfers from (to) property and equipment fund (general admin.)	0	0	0	0	0	0	0	0
NET ASSETS - UNRESTRICTED - END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Community Action Agency

Schedule C-3

Schedule of Activities for Operations by Program
For the Year Ended September 30, 2018

	COMMUNITY DEVELOPMENT		HOUSING SERVICES					
	IDA AFI - 8 (17)	Total Community Development	MCAA/MPSC Energy Assistance (19)		LIHEAP Heating Assistance (20)	Rapid Rehousing Program (21)	PSH-SSO Supportive Service (22)	Mechanic PP Permanent Housing (23)
			FEMA/EFSP (18)					
SUPPORT AND REVENUE								
Program revenue	\$ 5,014	\$ 896,332	\$ 5,721	\$ 123,440	\$ 187,000	\$ 152,514	\$ 99,417	\$ 234,377
Contributions	0	946	0	0	0	0	0	0
Contributed services, facilities, and materials	0	193,986	0	0	0	0	0	0
Fees and services	0	2,500	0	23,560	15,420	0	0	0
Investment income	0	167	0	0	0	0	0	0
Other	0	28,739	0	0	0	0	0	3,682
Total Support and Revenue	5,014	1,122,670	5,721	147,000	202,420	152,514	99,417	238,059
EXPENSES								
Salaries and Related Benefits								
Salaries and wages	3,658	179,885	0	11,424	9,662	37,788	63,393	58,725
Employee benefits	907	52,564	0	4,085	1,346	19,070	21,151	21,023
Payroll taxes	449	21,524	0	1,364	912	3,803	6,185	5,936
Total Salaries and Related Benefits	5,014	253,973	0	16,873	11,920	60,661	90,729	85,684
Professional services	58	106,608	0	425	219	1,420	1,681	1,563
Occupancy	382	56,715	0	2,599	1,280	7,699	9,230	27,811
Vehicle expenses	0	0	0	0	0	0	0	0
Repairs and maintenance	0	6,960	0	0	0	0	0	18,788
Telephone	34	6,589	0	383	225	1,466	1,805	1,967
Office expense	0	19,982	0	54	0	1,540	171	1,447
Travel	0	11,335	0	537	0	142	702	4,609
Supplies	1	17,284	0	60	0	510	49	161
Training	0	13,737	0	115	0	2,085	175	1,246
Client services	0	119,535	5,721	123,440	187,000	82,095	0	106,394
Other	0	6,441	0	0	0	0	0	1,044
Contributed services, facilities, and materials	0	193,986	0	0	0	0	0	0
Indirect cost share	747	37,842	0	2,514	1,776	9,038	13,519	12,767
Total Expenses	6,236	850,987	5,721	147,000	202,420	166,656	118,061	263,481
Excess (Deficiency) of Support and Revenue								
Over Expenses Before Transfers	(1,222)	271,683	0	0	0	(14,142)	(18,644)	(25,422)
Net Assets - Unrestricted - October 1, 2017	0	28,963	0	0	0	0	0	0
Operating transfers in (out)	1,222	(276,709)	0	0	0	14,142	18,644	25,422
Transfers from (to) property and equipment fund (general admin.)	0	0	0	0	0	0	0	0
NET ASSETS - UNRESTRICTED - END OF YEAR	\$ 0	\$ 23,937	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Community Action Agency

Schedule C-4

Schedule of Activities for Operations by Program
For the Year Ended September 30, 2018

	HOUSING SERVICES								
	Weatherization (24)	Weatherization Initiatives (25)	State Innovation Model (26)	HUD-Jackson Housing Commission (27)	Homeless MIS (28)	Homeless MIS Hillsdale (29)	Service for Veterans Families (30)	Homeless Veterans Initiatives (31)	MSHDA Emergency Shelter Grant (32)
SUPPORT AND REVENUE									
Program revenue	\$ 10,745	\$ 0	\$ 116,974	\$ 49,019	\$ 56,383	\$ 4,194	\$ 649,297	\$ 1,684	\$ 224,573
Contributions	0	0	0	0	0	0	0	0	0
Contributed services, facilities, and materials	0	0	0	0	0	0	0	0	0
Fees and services	0	0	0	0	0	0	0	0	0
Investment income	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Total Support and Revenue	10,745	0	116,974	49,019	56,383	4,194	649,297	1,684	224,573
EXPENSES									
Salaries and Related Benefits									
Salaries and wages	5,075	0	55,281	30,088	27,262	1,561	241,866	0	45,748
Employee benefits	2,100	0	31,242	6,853	7,615	1,009	67,225	0	5,694
Payroll taxes	572	0	6,442	3,717	2,613	293	27,022	0	4,742
Total Salaries and Related Benefits	7,747	0	92,965	40,658	37,490	2,863	336,113	0	56,184
Professional services	175	0	1,724	1,075	682	6	52,958	0	39,747
Occupancy	799	0	263	0	4,168	43	39,736	0	6,904
Vehicle expenses	0	0	0	0	0	0	0	0	0
Repairs and maintenance	0	0	0	0	0	0	0	0	0
Telephone	235	0	820	589	3,260	5	8,358	0	1,436
Office expense	233	0	100	50	4,746	850	6,799	0	474
Travel	397	0	46	2	701	0	22,552	0	48
Supplies	5	0	3,766	36	2,305	0	1,479	0	39
Training	0	0	486	551	140	0	6,824	0	0
Client services	0	0	2,952	0	0	0	177,795	1,684	111,769
Other	0	0	0	0	0	0	0	0	0
Contributed services, facilities, and materials	0	0	0	0	0	0	0	0	0
Indirect cost share	1,154	0	13,852	6,058	5,586	427	50,081	0	8,371
Total Expenses	10,745	0	116,974	49,019	59,078	4,194	702,695	1,684	224,972
Excess (Deficiency) of Support and Revenue									
Over Expenses Before Transfers	0	0	0	0	(2,695)	0	(53,398)	0	(399)
Net Assets - Unrestricted - October 1, 2017	0	19,254	0	0	0	0	0	0	0
Operating transfers in (out)	0	0	0	0	2,695	0	53,398	0	399
Transfers from (to) property and equipment fund (general admin.)	0	0	0	0	0	0	0	0	0
NET ASSETS - UNRESTRICTED - END OF YEAR	\$ 0	\$ 19,254	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Community Action Agency

Schedule C-5

Schedule of Activities for Operations by Program
For the Year Ended September 30, 2018

	HOUSING SERVICES							
	MSHDA - ESG Hillsdale I (33)	MSHDA - ESG Hillsdale II (34)	Garfield Square Supportive Housing (35)	Home Links/FSS/ Housing (36)	Housing Education Program (37)	Fair Housing Initiative (38)	CDBG Jackson (39)	CDBG Hillsdale (40)
SUPPORT AND REVENUE								
Program revenue	\$ 59,322	\$ 1,169	\$ 46,122	\$ 0	\$ 28,673	\$ 43,011	\$ 16,193	\$ 175
Contributions	0	0	0	0	50	0	0	0
Contributed services, facilities, and materials	0	0	0	0	0	0	0	0
Fees and services	0	0	0	0	0	0	0	0
Investment income	0	0	0	0	0	0	0	0
Other	0	0	1,558	10,326	0	0	0	0
Total Support and Revenue	59,322	1,169	47,680	10,326	28,723	43,011	16,193	175
EXPENSES								
Salaries and Related Benefits								
Salaries and wages	25,320	0	15,191	0	15,411	25,358	2,205	0
Employee benefits	15,992	0	6,307	0	5,958	6,144	1,049	0
Payroll taxes	2,726	0	1,050	0	1,429	1,747	166	0
Total Salaries and Related Benefits	44,038	0	22,548	0	22,798	33,249	3,420	0
Professional services	824	0	431	0	415	601	0	0
Occupancy	4,027	0	11,458	0	2,508	3,870	0	0
Vehicle expenses	0	0	0	0	0	0	0	0
Repairs and maintenance	0	0	20,796	0	0	0	12,000	0
Telephone	673	0	381	0	444	643	0	0
Office expense	100	0	0	0	1,091	70	15	0
Travel	854	0	1	0	448	1,406	113	0
Supplies	121	0	0	0	48	0	105	55
Training	0	0	0	0	50	33	0	0
Client services	8,133	1,169	0	0	0	0	0	0
Other	0	0	712	2,600	2,160	0	30	120
Contributed services, facilities, and materials	0	0	0	0	0	0	0	0
Indirect cost share	6,562	0	3,360	0	3,397	4,954	510	0
Total Expenses	65,332	1,169	59,687	2,600	33,359	44,826	16,193	175
Excess (Deficiency) of Support and Revenue								
Over Expenses Before Transfers	(6,010)	0	(12,007)	7,726	(4,636)	(1,815)	0	0
Net Assets - Unrestricted - October 1, 2017	0	0	0	19,230	0	0	0	0
Operating transfers in (out)	6,010	0	12,007	(4,636)	4,636	1,815	0	0
Transfers from (to) property and equipment fund (general admin.)	0	0	0	0	0	0	0	0
NET ASSETS - UNRESTRICTED - END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 22,320	\$ 0	\$ 0	\$ 0	\$ 0

Community Action Agency

Schedule C-6

Schedule of Activities for Operations by Program
For the Year Ended September 30, 2018

	HOUSING SERVICES							
	CDBG Lenawee (41)	NSP - Leoni Township (42)	HUD Housing Counseling (43)	Getting Ahead Program (44)	CASS (45)	Heat a Home (46)	Unmet Needs (47)	Hillsdale Community Foundation (48)
SUPPORT AND REVENUE								
Program revenue	\$ 41,380	\$ 2,195	\$ 21,406	\$ 4,150	\$ 32,671	\$ 18,400	\$ 8,877	\$ 9,030
Contributions	0	0	0	550	0	95,026	3,700	324
Contributed services, facilities, and materials	0	0	0	0	0	0	0	0
Fees and services	0	0	0	0	0	0	0	0
Investment income	0	0	0	0	0	0	0	0
Other	0	0	0	0	4,000	0	543	0
Total Support and Revenue	41,380	2,195	21,406	4,700	36,671	113,426	13,120	9,354
EXPENSES								
Salaries and Related Benefits								
Salaries and wages	9,333	0	8,630	906	8,997	0	0	0
Employee benefits	3,755	0	3,817	269	4,791	0	0	0
Payroll taxes	780	0	855	92	1,069	0	0	0
Total Salaries and Related Benefits	13,868	0	13,302	1,267	14,857	0	0	0
Professional services	602	0	139	0	1,149	0	180	550
Occupancy	979	0	830	0	1,876	0	350	0
Vehicle expenses	0	0	0	0	0	0	0	0
Repairs and maintenance	47,093	2,195	0	0	0	0	0	0
Telephone	222	0	147	5	212	0	100	0
Office expense	73	0	1,741	0	2	0	10	0
Travel	271	0	2,155	0	379	0	5	0
Supplies	55	0	45	302	358	0	510	1,773
Training	0	0	0	62	1,124	0	0	0
Client services	0	0	0	2,875	10,500	113,426	10,996	7,031
Other	164	0	1,065	0	4,000	0	969	0
Contributed services, facilities, and materials	0	0	0	0	0	0	0	0
Indirect cost share	2,066	0	1,982	189	2,214	0	0	0
Total Expenses	65,393	2,195	21,406	4,700	36,671	113,426	13,120	9,354
Excess (Deficiency) of Support and Revenue Over Expenses Before Transfers	(24,013)	0	0	0	0	0	0	0
Net Assets - Unrestricted - October 1, 2017	0	0	0	0	0	0	0	0
Operating transfers in (out)	24,013	0	0	0	0	0	0	0
Transfers from (to) property and equipment fund (general admin.)	0	0	0	0	0	0	0	0
NET ASSETS - UNRESTRICTED - END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Community Action Agency

Schedule C-7

Schedule of Activities for Operations by Program
For the Year Ended September 30, 2018

	HOUSING SERVICES			HEALTH AND NUTRITION				Total Health and Nutrition
	HCCF Grant (49)	LIHEAP LCA (50)	Total Housing Services	Warm the Children (51)	Child Obesity Prevention MSU (52)	Lenawee WIC (53)	MAXIMUS MCAA (54)	
SUPPORT AND REVENUE								
Program revenue	\$ 238	\$ 170,135	\$ 2,418,485	\$ 0	\$ 8,461	\$ 428,891	\$ 49,686	\$ 487,038
Contributions	4,725	0	104,375	34,586	0	0	0	34,586
Contributed services, facilities, and materials	0	0	0	0	0	1,069,748	0	1,069,748
Fees and services	0	0	38,980	0	0	0	0	0
Investment income	0	0	0	0	0	0	0	0
Other	0	0	20,109	0	0	33,433	0	33,433
Total Support and Revenue	4,963	170,135	2,581,949	34,586	8,461	1,532,072	49,686	1,624,805
EXPENSES								
Salaries and Related Benefits								
Salaries and wages	0	10,632	709,856	0	2,440	211,803	25,849	240,092
Employee benefits	0	4,161	240,656	0	911	52,739	5,789	59,439
Payroll taxes	0	1,005	74,520	0	276	24,064	3,251	27,591
Total Salaries and Related Benefits	0	15,798	1,025,032	0	3,627	288,606	34,889	327,122
Professional services	0	386	106,952	0	0	37,887	613	38,500
Occupancy	0	2,002	128,432	0	3,231	75,665	3,105	82,001
Vehicle expenses	0	0	0	0	0	0	0	0
Repairs and maintenance	0	0	100,872	0	0	1,773	0	1,773
Telephone	0	271	23,647	0	0	3,771	656	4,427
Office expense	0	0	19,566	0	0	10,308	5,182	15,490
Travel	0	0	35,368	0	38	5,408	0	5,446
Supplies	0	21	11,803	0	0	4,724	43	4,767
Training	0	0	12,891	0	0	1,224	0	1,224
Client services	4,963	149,303	1,107,246	34,586	1,025	0	0	35,611
Other	0	0	12,864	0	0	126	0	126
Contributed services, facilities, and materials	0	0	0	0	0	1,069,748	0	1,069,748
Indirect cost share	0	2,354	152,731	0	540	43,002	5,198	48,740
Total Expenses	4,963	170,135	2,737,404	34,586	8,461	1,542,242	49,686	1,634,975
Excess (Deficiency) of Support and Revenue								
Over Expenses Before Transfers	0	0	(155,455)	0	0	(10,170)	0	(10,170)
Net Assets - Unrestricted - October 1, 2017	0	0	38,484	0	0	0	0	0
Operating transfers in (out)	0	0	158,545	0	0	10,170	0	10,170
Transfers from (to) property and equipment fund (general admin.)	0	0	0	0	0	0	0	0
NET ASSETS - UNRESTRICTED - END OF YEAR	\$ 0	\$ 0	\$ 41,574	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Community Action Agency

Schedule C-8

Schedule of Activities for Operations by Program
For the Year Ended September 30, 2018

	EDUCATION					
	Head Start (55)	Early Head Start (56)	Great Start School Readiness Hillsdale (57)	Great Start School Readiness Jackson (58)	Total Education	Total Program Services
SUPPORT AND REVENUE						
Program revenue	\$ 6,600,615	\$ 2,116,073	\$ 348,717	\$ 671,612	\$ 9,737,017	\$ 13,538,872
Contributions	500	0	0	0	500	140,407
Contributed services, facilities, and materials	1,657,544	785,300	0	0	2,442,844	3,706,578
Fees and services	180	135	0	0	315	41,795
Investment income	0	0	0	0	0	167
Other	0	0	0	0	0	82,281
Total Support and Revenue	8,258,839	2,901,508	348,717	671,612	12,180,676	17,510,100
EXPENSES						
Salaries and Related Benefits						
Salaries and wages	2,888,562	1,075,959	158,677	313,563	4,436,761	5,566,594
Employee benefits	1,161,369	365,252	75,497	112,833	1,714,951	2,067,610
Payroll taxes	360,812	111,213	22,284	41,942	536,251	659,886
Total Salaries and Related Benefits	4,410,743	1,552,424	256,458	468,338	6,687,963	8,294,090
Professional services	704,535	44,712	45,088	143,351	937,686	1,189,746
Occupancy	359,464	120,883	11,051	34,576	525,974	793,122
Vehicle expenses	6,188	13,802	46	0	20,036	20,036
Repairs and maintenance	37,942	3,702	2,262	2,388	46,294	155,899
Telephone	62,472	35,465	3,449	2,590	103,976	138,639
Office expense	45,885	17,522	4,092	5,341	72,840	127,878
Travel	41,183	37,136	96	141	78,556	130,705
Supplies	173,013	27,342	21,245	7,024	228,624	262,478
Training	55,165	9,169	2,481	4,578	71,393	99,245
Client services	27,812	26,677	987	2,245	57,721	1,320,113
Other	19,692	(9,867)	1,462	1,041	12,328	31,759
Contributed services, facilities, and materials	1,657,544	785,300	0	0	2,442,844	3,706,578
Indirect cost share	657,201	231,311	38,212	69,782	996,506	1,235,819
Total Expenses	8,258,839	2,895,578	386,929	741,395	12,282,741	17,506,107
Excess (Deficiency) of Support and Revenue						
Over Expenses Before Transfers	0	5,930	(38,212)	(69,783)	(102,065)	3,993
Net Assets - Unrestricted - October 1, 2017	0	0	0	0	0	67,447
Operating transfers in (out)	0	0	38,212	69,782	107,994	0
Transfers from (to) property and equipment fund (general admin.)	0	(5,929)	0	0	(5,929)	(5,929)
NET ASSETS - UNRESTRICTED - END OF YEAR	\$ 0	\$ 1	\$ 0	(\$ 1)	\$ 0	\$ 0

Community Action Agency

Schedule C-9

Schedule of Activities for Operations by Program
For the Year Ended September 30, 2018

	ADMINISTRATION				Total Administration	Grand Total	Eliminations	2018 Operations Total	2017 Operations Total
	General Admin. (59)	Copy Postage Cost Pool (60)	Occupancy Pool (61)	Indirect Cost Pool (62)					
SUPPORT AND REVENUE									
Program revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,538,872	\$ 0	\$ 13,538,872	\$ 13,786,915
Contributions	282	0	0	0	282	140,689	0	140,689	144,059
Contributed services, facilities, and materials	0	0	0	0	0	3,706,578	(2,915,760)	790,818	997,775
Fees and services	0	0	0	1,273,993	1,273,993	1,315,788	(1,273,993)	41,795	74,885
Investment income	5,097	0	0	0	5,097	5,264	0	5,264	9,440
Other	68,578	101,214	687,691	0	857,483	939,764	(788,905)	150,859	42,929
Total Support and Revenue	73,957	101,214	687,691	1,273,993	2,136,855	19,646,955	(4,978,658)	14,668,297	15,056,003
EXPENSES									
Salaries and Related Benefits									
Salaries and wages	0	0	191,597	721,200	912,797	6,479,391	0	6,479,391	6,276,263
Employee benefits	0	0	37,505	179,737	217,242	2,284,852	0	2,284,852	2,241,122
Payroll taxes	0	0	27,101	68,555	95,656	755,542	0	755,542	749,692
Total Salaries and Related Benefits	0	0	256,203	969,492	1,225,695	9,519,785	0	9,519,785	9,267,077
Professional services	1,043	0	7,453	68,253	76,749	1,266,495	0	1,266,495	1,421,193
Occupancy	0	0	128,724	121,191	249,915	1,043,037	(524,122)	518,915	528,814
Vehicle expenses	0	0	2,859	7,893	10,752	30,788	0	30,788	27,205
Repairs and maintenance	0	5,586	124,813	0	130,399	286,298	(130,399)	155,899	302,496
Telephone	0	0	12,337	17,083	29,420	168,059	(12,337)	155,722	138,317
Office expense	0	86,813	11,133	15,523	113,469	241,347	(97,946)	143,401	148,830
Travel	0	0	208	5,987	6,195	136,900	0	136,900	153,360
Supplies	0	8,815	15,286	39,907	64,008	326,486	(24,101)	302,385	288,022
Training	600	0	1,424	7,580	9,604	108,849	0	108,849	155,608
Client services	590	0	0	0	590	1,320,703	0	1,320,703	1,388,889
Other	260	0	1,460	21,084	22,804	54,563	0	54,563	95,253
Contributed services, facilities, and materials	0	0	0	0	0	3,706,578	(2,915,760)	790,818	997,775
Indirect cost share	0	0	38,174	0	38,174	1,273,993	(1,273,993)	0	0
Total Expenses	2,493	101,214	600,074	1,273,993	1,977,774	19,483,881	(4,978,658)	14,505,223	14,912,839
Excess (Deficiency) of Support and Revenue									
Over Expenses Before Transfers	71,464	0	87,617	0	159,081	163,074	0	163,074	143,164
Net Assets - Unrestricted - October 1, 2017	437,964	0	0	0	437,964	505,411	0	505,411	502,989
Operating transfers in (out)	0	0	0	0	0	0	0	0	0
Transfers from (to) property and equipment fund (general admin.)	0	0	(87,617)	0	(87,617)	(93,546)	0	(93,546)	(140,742)
NET ASSETS - UNRESTRICTED - END OF YEAR	\$ 509,428	\$ 0	\$ 0	\$ 0	\$ 509,428	\$ 574,939	\$ 0	\$ 574,939	\$ 505,411

**INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

March 22, 2019

Board of Directors
Community Action Agency
Jackson, Michigan

We have audited the financial statements of *Community Action Agency* (the "Agency"), as of and for the year ended September 30, 2018, and the related notes to the financial statements. We have issued our report thereon dated March 22, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic 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 audit 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rehmann Robson LLC

Community Action Agency

Schedule A-1
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2018

Federal Grantor/Pass Through Agency/Program Title	Grant Period	Federal CFDA Number	Pass Through/ Grantor's Number	Program/ Award Amount	Accrued (Deferred) Revenue 10/01/17	Current Year Cash Payment/ In Kind Received	Federal Expenses		Accrued (Deferred) Revenue 09/30/18
							Prior Year	Current Year	
U.S. DEPARTMENT OF AGRICULTURE									
Passed-Through Michigan State University									
Differing Levels Support for Family Mealtimes on Obesity Prev. in HS	03/15/15 - 03/14/18	10.310	20156800123239	\$ 262,923	\$ 5,649	\$ 14,110	\$ 34,606	\$ 8,461	\$ -
Subtotal 10.310					\$ 5,649	\$ 14,110	\$ 34,606	\$ 8,461	\$ -
Passed-Through Michigan Department of Health & Human Services									
Special Supplemental Food Program for Women, Infants, and Children	10/01/16 - 09/30/17	10.557	E20172285-001	379,515	\$ 14,286	\$ 14,286	\$ 379,515	\$ -	\$ -
Special Supplemental Food Program for Women, Infants, and Children-BFPC	10/01/16 - 09/30/17	10.557	E20172373-00	46,391	3,226	3,226	46,391	-	-
Special Supplemental Food Program for Women, Infants, and Children	10/01/17 - 09/30/18	10.557	E20180107-00	379,515	-	379,515	-	379,515	-
Special Supplemental Food Program for Women, Infants, and Children-BFPC	10/01/17 - 09/30/18	10.557	E20180703-00	48,891	-	39,444	-	48,891	9,447
Subtotal 10.557					\$ 17,512	\$ 436,471	\$ 425,906	\$ 428,406	\$ 9,447
Passed-Through Michigan Department of Education									
Child Care Food Program	10/01/17 - 09/30/18	10.558	38-000-0001	N/A	\$ 10,693	\$ 109,257	\$ 76,892	\$ 107,889	\$ 9,325
Subtotal 10.558					\$ 10,693	\$ 109,257	\$ 76,892	\$ 107,889	\$ 9,325
Total U.S. Department of Agriculture					\$ 33,854	\$ 559,838	\$ 537,404	\$ 544,756	\$ 18,772
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
Direct Programs									
Housing Counseling	10/01/15 - 03/31/17	14.169	HC160321011	27,501	\$ -	\$ -	\$ 23,064	\$ -	\$ -
Housing Counseling	10/01/16 - 03/31/18	14.169	HC170321014	31,025	13,578	31,025	13,578	17,447	-
Housing Counseling	10/01/17 - 09/30/19	14.169	HC180321057	38,875	-	-	-	3,958	3,958
Subtotal 14.169					\$ 13,578	\$ 31,025	\$ 36,642	\$ 21,405	\$ 3,958
Passed-Through MEDC Through the County of Lenawee									
Community Development Block Grant	01/01/16 - 12/31/17	14.228	MSC-2015-0797-HOA	354,000	\$ 42,162	\$ 87,930	\$ 108,496	\$ 45,768	\$ -
Subtotal 14.228					\$ 42,162	\$ 87,930	\$ 108,496	\$ 45,768	\$ -
Direct Programs									
Rapid Rehousing Program	05/01/17 - 04/30/18	14.235	MI0545L5F171600	147,748	\$ 17,406	\$ 105,283	\$ 54,250	\$ 87,877	\$ -
Rapid Rehousing Program	05/01/18 - 04/30/19	14.235	MI0545L5F171701	148,120	-	-	-	64,637	64,637
Continuum of Care Planning Project - Jackson	10/01/16 - 09/30/17	14.235	MI0491L5F171500	26,080	14,130	14,130	26,080	-	-
Permanent Supportive Housing Program III	10/01/16 - 09/30/17	14.235	MI0513L5F171500	90,000	13,548	13,548	53,188	-	-
Permanent Supportive Housing - Supportive Services	10/01/16 - 09/30/17	14.235	MI0512L5F171500	99,417	26,209	26,209	99,417	-	-
Permanent Supportive Housing - Supportive Services	10/01/17 - 09/30/18	14.235	MI0512L5F171601	99,417	-	69,271	-	99,417	30,146
Housing Advocacy Program Expansion	11/01/15 - 03/31/17	14.235	MI0258L5F171407	189,417	-	-	35,762	-	-
Jackson HMIS	04/01/16 - 03/31/17	14.235	MI0259L5F171508	55,979	-	-	32,535	-	-
Jackson HMIS	04/01/17 - 03/31/18	14.235	MI0259L5F171609	55,979	7,551	42,228	21,302	34,677	-
Jackson HMIS	04/01/18 - 03/31/19	14.235	MI0259L5F171710	55,979	-	12,846	-	21,707	8,861
Permanent Supportive Housing Program-I	10/01/16 - 09/30/17	14.235	MI0421L5F171502	43,628	7,037	7,037	43,628	-	-
Permanent Supportive Housing Program-II	10/01/16 - 09/30/17	14.235	MI0457L5F171501	43,628	6,978	6,978	43,628	-	-
Partnership Park Permanent Housing	10/01/16 - 09/30/17	14.235	MI0261L5F171508	64,733	5,284	5,284	64,733	-	-
Partnership Park Permanent Housing	10/01/17 - 09/30/18	14.235	MI0261L5F171609	245,339	-	159,259	-	234,377	75,118
Supportive Housing Program-Garfield Square Development	05/01/16 - 04/30/17	14.235	MI0257L5F171508	193,870	-	-	100,115	-	-
Supportive Housing Program-Garfield Square Development	10/01/17 - 09/30/18	14.235	MI0544L5F171600	46,122	-	28,648	-	46,122	17,474
Subtotal 14.235					\$ 98,143	\$ 490,721	\$ 574,638	\$ 588,814	\$ 196,236
Passed-Through City of Jackson									
CHDO - City of Jackson	05/11/16-05/10/17	14.239	N/A	128,339	\$ -	\$ -	\$ 122,951	\$ -	\$ -
CHDO - City of Jackson	05/11/17-05/10/18	14.239	N/A	2,500	-	2,500	-	2,500	-
Subtotal 14.239					\$ -	\$ 2,500	\$ 122,951	\$ 2,500	\$ -

Community Action Agency

Schedule A-2
 Schedule of Expenditures of Federal Awards (continued)
 For the Year Ended September 30, 2018

Federal Grantor/Pass Through Agency/Program Title	Grant Period	Federal CFDA Number	Pass Through/ Grantor's Number	Program/ Award Amount	Accrued (Deferred) Revenue 10/01/17	Current Year Cash Payment/ In Kind Received	Federal Expenses		Accrued (Deferred) Revenue 09/30/18
							Prior Year	Current Year	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)									
Passed-Through Michigan State Housing Development Authority									
HMIS - Coordinated Entry Stipend	06/01/17 - 11/30/17	14.267	MI046464L5001500	\$ 2,000	\$ (2,000)	\$ -	\$ -	\$ 2,000	\$ -
HMIS - MI BoS CoC LPB System Coordination Funds	06/20/18 - 12/31/18	14.267	N/A	1,294	-	1,294	-	-	(1,294)
Passed-Through Michigan Coalition Against Homelessness									
BOS - 2017-2018 Technology Stipend	02/02/18 - 02/16/18	14.267	N/A	850	-	850	-	850	-
BOS - HMIS Stipend	03/01/17 - 01/31/18	14.267	N/A	4,500	3,157	4,500	3,157	1,343	-
Subtotal 14.267					\$ 1,157	\$ 6,644	\$ 3,157	\$ 4,193	\$ (1,294)
Direct Program									
Fair Housing Initiative	05/01/18 - 04/30/19	14.416	FEOI180049-01-00	125,000	-	50,000	-	43,011	(6,989)
Subtotal 14.416					\$ -	\$ 50,000	\$ -	\$ 43,011	\$ (6,989)
Passed-Through Jackson Housing Commission									
HUD through Jackson Housing Commission	07/01/17 - 06/30/18	14.850	N/A	40,000	-	-	18,749	-	-
HUD through Jackson Housing Commission	07/01/18 - 06/30/19	14.850	N/A	40,000	-	41,669	-	44,019	2,350
Subtotal 14.850					\$ -	\$ 41,669	\$ 18,749	\$ 44,019	\$ 2,350
Passed-Through Michigan State Housing Development Authority									
HOME - Family Self Sufficiency	01/01/15 - 12/31/16	14.871	15-26	N/A	-	-	7,640	-	-
HOME - Family Self Sufficiency	01/01/17 - 12/31/18	14.871	16-82-FSS	N/A	553	7,452	8,971	6,379	(520)
Subtotal 14.871					\$ 553	\$ 7,452	\$ 16,611	\$ 6,379	\$ (520)
Total U.S. Department of Housing and Urban Development					\$ 155,593	\$ 717,941	\$ 881,244	\$ 756,089	\$ 193,741
U.S. DEPARTMENT OF TREASURY									
Direct Program									
Volunteer Income Tax Assistance (VITA)	08/01/16 - 07/31/18	21.009	17VITA0045	200,000	22,616	112,738	100,141	90,122	-
Volunteer Income Tax Assistance (VITA)	08/01/18 - 07/31/20	21.009	19VITA0089	70,000	-	-	-	7,723	7,723
Subtotal 21.009					\$ 22,616	\$ 112,738	\$ 100,141	\$ 97,845	\$ 7,723
Total U.S. Department of Treasury					\$ 22,616	\$ 112,738	\$ 100,141	\$ 97,845	\$ 7,723
U.S. DEPARTMENT OF VETERANS AFFAIRS									
Direct Program									
VA Supportive Services for Veteran Families Program	10/01/15 - 10/31/16	64.033	14-MI-220	688,866	-	-	44,738	-	-
VA Supportive Services for Veteran Families Program	10/01/16 - 09/30/17	64.033	14-MI-220	688,866	29,335	29,335	688,866	-	-
VA Supportive Services for Veteran Families Program	10/01/17 - 10/19/18	64.033	14-MI-220	688,866	-	570,527	-	649,297	78,770
Total U.S. Department of Veterans Affairs 64.033					\$ 29,335	\$ 599,862	\$ 733,604	\$ 649,297	\$ 78,770
U.S. DEPARTMENT OF ENERGY									
Passed-Through Michigan Dept. of HHS Through Monroe Co. Opport.Prog.									
Weatherization Assistance for Low-Income Persons-Sub-recipient	07/01/16 - 06/30/17	81.042	3972-620-16-17	45,000	-	-	36,017	-	-
Weatherization Assistance for Low-Income Persons-Sub-recipient	07/01/17 - 06/30/18	81.042	3972-620-17-18	20,000	9,494	20,000	9,494	10,506	-
Weatherization Assistance for Low-Income Persons-Sub-recipient	07/01/18 - 06/30/19	81.042	3972-620-18-19	20,000	-	-	-	239	239
Total U.S. Department of Energy 81.042					\$ 9,494	\$ 20,000	\$ 45,511	\$ 10,745	\$ 239
U.S. DEPARTMENT OF EDUCATION									
Passed-Through Workforce Development Agency, State of Michigan									
Title II - Federal Adult Education ABE	07/01/16 - 06/30/17	84.002A	171130-171617	80,000	-	-	69,804	-	-
Subtotal 84.002A					\$ -	\$ -	\$ 69,804	\$ -	\$ -
Passed-Through Michigan Department of Education and Jackson ISD									
McKinney-Vento Homeless Students' Assistance Grant	07/01/16 - 06/30/18	84.196A	172320-1617	N/A	-	339	194	339	-
Subtotal 84.196A					\$ -	\$ 339	\$ 194	\$ 339	\$ -
Total U.S. Department of Education					\$ -	\$ 339	\$ 69,998	\$ 339	\$ -

Community Action Agency

Schedule A-3
 Schedule of Expenditures of Federal Awards (concluded)
 For the Year Ended September 30, 2018

Federal Grantor/Pass Through Agency/Program Title	Grant Period	Federal CFDA Number	Pass Through/ Grantor's Number	Program/ Award Amount	Accrued (Deferred) Revenue 10/01/17	Current Year Cash Payment/ In Kind Received	Federal Expenses		Accrued (Deferred) Revenue 09/30/18
							Prior Year	Current Year	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES									
Passed-Through Michigan Depart. Of HHS Through Michigan Agency for Energy Through Michigan Community Action									
MCA/MEAP	10/01/16 - 09/30/17	93.568	MEAP 2016-2017	\$ 119,669	\$ 599	\$ 599	\$ 119,669	\$ -	\$ -
MCA/MEAP LIHEAP	10/01/17 - 09/30/18	93.568	MEAP LIHEAP 2017-2018	201,400	-	201,400	-	201,400	-
Passed-Through Michigan Department of Health & Human Services									
LIHEAP	10/01/16 - 08/31/17	93.568	LCA-16-38026 NFA #2	265,292	-	-	230,292	-	-
LIHEAP	01/01/18 - 08/31/18	93.568	LCA-16-38026 NFA #3	260,400	-	170,135	-	170,135	-
Subtotal 93.568					\$ 599	\$ 372,134	\$ 349,961	\$ 371,535	\$ -
Passed-Through Michigan Department of Health & Human Services									
Community Service Block Grant	10/01/16 - 09/30/18	93.569	CSBG-14-38026-4	714,501	\$ 98,496	\$ 116,950	\$ 696,047	\$ 18,454	\$ -
Community Service Block Grant	10/01/17 - 09/30/19	93.569	CSBG-14-38026-5	609,575	-	586,609	-	520,575	(66,034)
Community Service Block Grant - Discretionary	10/01/16 - 09/30/17	93.569	CSBGD14-38026(NFA12)	20,000	2,235	2,235	20,000	-	-
Community Service Block Grant - Discretionary	10/01/17 - 09/30/18	93.569	CSBGD14-38026(NFA19)	45,000	-	7,000	-	20,500	13,500
Subtotal 93.569					\$ 100,731	\$ 712,794	\$ 716,047	\$ 559,529	\$ (52,534)
Direct Programs									
Head Start (1)	07/01/16 - 06/30/17	93.600	05CH10092-02-01	5,767,081	\$ -	\$ -	\$ 4,658,982	\$ -	\$ -
Head Start (1)	07/01/17 - 06/30/18	93.600	05CH10092-03-01	6,481,755	196,788	5,424,710	1,253,833	5,227,922	-
Head Start (1)	07/01/18 - 06/30/19	93.600	05CH10092-04-01	6,671,889	-	937,000	-	1,287,264	350,264
Early Head Start (1)	07/01/16 - 06/30/17	93.600	05CH10092-02-01	2,124,689	-	-	1,674,658	-	-
Early Head Start (1)	07/01/17 - 06/30/18	93.600	05CH10092-03-01	2,145,433	87,247	1,714,433	518,247	1,627,186	-
Early Head Start (1)	07/01/18 - 06/30/19	93.600	05CH10092-04-01	2,199,907	-	403,000	-	488,887	85,887
Subtotal 93.600					\$ 284,035	\$ 8,479,143	\$ 8,105,720	\$ 8,631,259	\$ 436,151
Direct Programs									
Assets for Independence Demonstration Program (IDA)	09/30/12 - 09/29/18	93.602	90EI0786-01-02	88,235	\$ (75,000)	\$ -	\$ 4,814	\$ 40,565	\$ (34,435)
Assets for Independence Demonstration Program (IDA)	09/30/14 - 09/29/19	93.602	90EI0866-01-01	88,235	(82,296)	-	2,820	2,507	(79,789)
Assets for Independence Demonstration Program (IDA)	09/30/11 - 09/29/17	93.602	90EI0723-01-02	114,706	(30,534)	(14,534)	55,462	16,000	-
Subtotal 93.602					\$ (187,830)	\$ (14,534)	\$ 63,096	\$ 59,072	\$ (114,224)
Passed-Through Michigan Department of Health & Human Services Through Henry Ford Allegiance Health									
State Innovation Model	11/01/17 - 10/31/18	93.624	Jackson_CAA_A_20171101	172,670	-	45,801	-	116,974	71,173
Subtotal 93.624					\$ -	\$ 45,801	\$ -	\$ 116,974	\$ 71,173
Passed-Through Michigan Department of Health & Human Services									
Substance Abuse Prevention and Treatment	02/01/15 - 09/30/15	93.959	N/A	5,250	(1,987)	-	-	1,987	-
Subtotal 93.959					\$ (1,987)	\$ -	\$ -	\$ 1,987	\$ -
Total U.S. Department of Health and Human Services									
					\$ 195,548	\$ 9,595,338	\$ 9,234,824	\$ 9,740,356	\$ 340,566
U.S. DEPARTMENT OF HOMELAND SECURITY									
Passed-Through United Way Through Hillsdale County Community Foundation									
FEMA/EFSP	02/01/16 - 03/31/17	97.024	LRO-469600-002	8,500	\$ -	\$ -	\$ 4,736	\$ -	\$ -
FEMA/EFSP	10/01/16 - 01/31/18	97.024	LRO-469600-002	7,000	(2,345)	3,375	1,155	5,720	-
FEMA/EFSP	02/01/18 - 01/31/19	97.024	LRO-469600-002	8,000	-	-	-	-	-
Total U.S. Department of Homeland Security 97.024					\$ (2,345)	\$ 3,375	\$ 5,891	\$ 5,720	\$ -
TOTAL FEDERAL AWARDS					\$ 444,095	\$ 11,609,431	\$ 11,608,617	\$ 11,805,147	\$ 639,811

Community Action Agency

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Community Action Agency (the "Agency") under programs of the federal government for the year ended September 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Agency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the financial statements. 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the Agency has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

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*

March 22, 2019

Board of Directors
Community Action Agency
Jackson, Michigan

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of *Community Action Agency* (the "Agency"), which comprise the statement of financial position as of September 30, 2018, and the related statements 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 March 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Community Action Agency's Response to Finding

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "Rehmann Lohman LLC". The signature is written in a cursive, flowing style.

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

March 22, 2019

Board of Directors
Community Action Agency
Jackson, Michigan

Report on Compliance for the Major Federal Program

We have audited the compliance of *Community Action Agency* (the "Agency") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Agency's major federal program for the year ended September 30, 2018. The Agency's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency'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 requirement 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 Agency'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 the major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on the Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of the Agency 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 Agency'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 Agency'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.

Purpose of this Report

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.

The image shows a handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

COMMUNITY ACTION AGENCY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major programs and type of auditors' report issued on compliance for each major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
93.600	Head Start	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

COMMUNITY ACTION AGENCY

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

2018-001 - Significant Audit Adjustment

Finding Type: Significant deficiency in internal controls over financial reporting.

Criteria: Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition: During our audit, we identified and proposed a significant adjustment (which was approved and posted by management) to adjust the Agency's general ledger to the appropriate balances. Specifically, accrued liabilities and related health insurance expenses, as well as grant receivables and related revenues, were initially overstated by approximately \$140,000.

Cause: The Agency did not initially perform an appropriate reconciliation of activity related to health insurance allocations that resulted in the overaccrual of expenses during the year.

Effect: As a result of this condition, the Agency's accounting records were initially misstated by amounts significant to the financial statements.

Recommendation: We recommend that the Agency routinely reconcile significant balance sheet accounts to underlying detail, but at least on an annual basis, to ensure amounts are properly supported and reported.

View of Responsible Official: We agree with the proposed adjustments and have posted them to the general ledger.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



COMMUNITY ACTION AGENCY

Summary Schedule of Prior Audit Findings

For the Year Ended September 30, 2018

None reported.

