

**Community Action
Program of Evansville and
Vanderburgh County, Inc.
and Subsidiary**



**Consolidated Financial Statements
For The Years Ended
December 31, 2016 and 2015
(With Single Audit Section)**

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

**COMMUNITY ACTION PROGRAM OF EVANSVILLE AND
VANDERBURGH COUNTY, INC. AND SUBSIDIARY
FINANCIAL STATEMENTS
COMMUNITY ACTION PROGRAM OF EVANSVILLE
CONTENTS**

INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities and Changes in Net Assets	5
Consolidated Statements of Functional Expenses	7
Consolidated Statements of Cash Flows.....	11
Notes to Consolidated Financial Statements.....	12
SUPPLEMENTARY INFORMATION	
Independent Auditor’s Report on Supplementary Information	25
Consolidating Statements of Financial Position	26
Consolidating Statements of Activities and Changes in Net Assets.....	28
Consolidating Statements of Cash Flows	30
SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards.....	32
Notes to Schedule of Expenditures of Federal Awards	34
Summary Schedule of Prior Audit Findings.....	35
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with <i>Government Auditing Standards</i>	36
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the <i>Uniform Guidance</i>	38
Schedule of Findings and Questioned Costs.....	40



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Action Program of Evansville and Vanderburgh County, Inc. and Subsidiary
Evansville, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Community Action Program of Evansville and Vanderburgh County, Inc. (a nonprofit organization) and CAPE Place, LLC (Subsidiary), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, functional expenses, 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 consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of CAPE Place, LLC, the Subsidiary, for the year ended December 31, 2016. The Subsidiary's statements reflect total assets of \$3,444,381 as of December 31, 2016 and total support and revenue of \$365,091 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Subsidiary, is based solely on the report of the other auditors. 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Action Program of Evansville and Vanderburgh County, Inc. and Subsidiary as of December 31, 2016 and 2015, 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 Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying 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*, is presented for purposes of additional analysis and is 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated 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 consolidated 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 May 15, 2017, on our consideration of Community Action Program of Evansville and Vanderburgh County, Inc.'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

May 15, 2017

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

ASSETS

	2016		
	Unrestricted	Temporarily Restricted	Total
Current assets			
Cash	\$ 482,052	\$ -	\$ 482,052
Certificates of deposit	113,533	-	113,533
Grants receivable	1,785,653	-	1,785,653
Accounts receivable	78,544	-	78,544
Due from Southern Indiana Housing Corp.	3,200	-	3,200
Due from Brumfield Place, L.P.	83,304	-	83,304
Prepaid expenses	146,797	-	146,797
Total current assets	<u>2,693,083</u>	<u>-</u>	<u>2,693,083</u>
Property and equipment			
Land	316,026	-	316,026
Vehicles and equipment	1,371,189	-	1,371,189
Buildings and improvements	5,443,928	-	5,443,928
	7,131,143	-	7,131,143
Less accumulated depreciation	(2,238,151)	-	(2,238,151)
Total property and equipment, net	<u>4,892,992</u>	<u>-</u>	<u>4,892,992</u>
Other assets			
Development fees receivable	156,185	-	156,185
Notes receivable - Brumfield Place, L.P.	425,000	-	425,000
Notes receivable - Paradise Estates Apartments	847,470	-	847,470
Capitalized costs, net	107,742	-	107,742
Total other assets	<u>1,536,397</u>	<u>-</u>	<u>1,536,397</u>
Total assets	<u>\$ 9,122,472</u>	<u>\$ -</u>	<u>\$ 9,122,472</u>

LIABILITIES AND NET ASSETS

Current liabilities			
Accounts payable	\$ 112,692	\$ -	\$ 112,692
Accrued payroll and payroll expenses	371,465	-	371,465
Deferred revenue	8,782	-	8,782
Current maturities of long-term debt	44,942	-	44,942
Total current liabilities	<u>537,881</u>	<u>-</u>	<u>537,881</u>
Long-term liabilities			
Notes payable	4,486,771	-	4,486,771
Total long-term liabilities	<u>4,486,771</u>	<u>-</u>	<u>4,486,771</u>
Total liabilities	5,024,652	-	5,024,652
Net assets			
Total liabilities and net assets	<u>\$ 9,122,472</u>	<u>\$ -</u>	<u>\$ 9,122,472</u>

See accompanying notes to consolidated financial statements.

**Restated
2015**

Unrestricted	Temporarily Restricted	Total
\$ 253,151	\$ -	\$ 253,151
113,533	-	113,533
1,634,500	-	1,634,500
40,687	-	40,687
3,200	-	3,200
83,304	-	83,304
222,873	-	222,873
2,351,248	-	2,351,248
316,026	-	316,026
1,351,252	-	1,351,252
5,387,928	-	5,387,928
7,055,206	-	7,055,206
(2,054,143)	-	(2,054,143)
5,001,063	-	5,001,063
156,185	-	156,185
425,000	-	425,000
847,470	-	847,470
118,253	-	118,253
1,546,908	-	1,546,908
\$ 8,899,219	\$ -	\$ 8,899,219
\$ 140,521	\$ -	\$ 140,521
387,189	-	387,189
7,392	-	7,392
634,960	-	634,960
1,170,062	-	1,170,062
4,114,336	-	4,114,336
4,114,336	-	4,114,336
5,284,398	-	5,284,398
3,614,821	-	3,614,821
\$ 8,899,219	\$ -	\$ 8,899,219

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016		
	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Grant revenue	\$ 10,464,753	\$ -	\$ 10,464,753
Donations	121,051	-	121,051
Program revenue	163	-	163
Rent income	163,278	-	163,278
Other	59,448	-	59,448
Interest	83	-	83
Section 1602 forgiveness	201,743	-	201,743
Gain on sale of property and equipment	84,932	-	84,932
In-kind contributions	753,050	-	753,050
Release from restriction	-	-	-
Total support and revenue	<u>11,848,501</u>	<u>-</u>	<u>11,848,501</u>
Functional expenses			
Childhood education	5,771,817	-	5,771,817
Child care	409,577	-	409,577
Nutrition	429,064	-	429,064
Senior volunteer	164,039	-	164,039
Utility assistance	2,750,953	-	2,750,953
Housing assistance	261,416	-	261,416
Home weatherization assistance	627,253	-	627,253
Emergency family service	23,375	-	23,375
Management and general	644,117	-	644,117
Subsidiary	283,891	-	283,891
Total functional expenses	<u>11,365,502</u>	<u>-</u>	<u>11,365,502</u>
Increase (decrease) in net assets	<u>482,999</u>	<u>-</u>	<u>482,999</u>
Net assets at beginning of year	3,614,821	-	3,614,821
Prior year adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at beginning of year - restated	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u><u>\$ 4,097,820</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,097,820</u></u>

See accompanying notes to consolidated financial statements.

**Restated
2015**

Unrestricted	Temporarily Restricted	Total
\$ 10,538,546	\$ -	\$ 10,538,546
50,612	-	50,612
1,000	-	1,000
150,246	-	150,246
7,900	-	7,900
207	-	207
201,743	-	201,743
-	-	-
649,041	-	649,041
82,174	(82,174)	-
11,681,469	(82,174)	11,599,295
5,791,577	-	5,791,577
311,584	-	311,584
354,044	-	354,044
181,124	-	181,124
2,567,110	-	2,567,110
112,911	-	112,911
690,461	-	690,461
9,120	-	9,120
447,854	-	447,854
254,463	-	254,463
10,720,248	-	10,720,248
961,221	(82,174)	879,047
2,870,519	82,174	2,952,693
(216,919)	-	(216,919)
2,653,600	82,174	2,735,774
\$ 3,614,821	\$ -	\$ 3,614,821

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Childhood Education</u>	<u>Child Care</u>	<u>Nutrition</u>	<u>Senior Volunteer</u>
OPERATING EXPENSES				
Personnel costs	\$ 3,963,731	\$ 390,623	\$ -	\$ 30,493
Space costs	457,913	8,574	-	-
Communications	52,305	564	-	-
Contractual services	138,483	-	-	-
Materials and supplies	70,052	-	-	-
Travel and training	58,004	10	-	3,558
Customer assistance	204,206	8,376	429,064	115,321
Other	108,670	1,430	-	-
Partnership	-	-	-	-
Property and equipment	-	-	-	-
In-kind expenses	734,294	-	-	14,667
Total operating expenses by function prior to GAAP adjustment	<u>5,787,658</u>	<u>409,577</u>	<u>429,064</u>	<u>164,039</u>
Debt service	<u>(15,841)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses after GAAP adjustment	<u><u>\$ 5,771,817</u></u>	<u><u>\$ 409,577</u></u>	<u><u>\$ 429,064</u></u>	<u><u>\$ 164,039</u></u>

See accompanying notes to consolidated financial statements.

<u>Utility Assistance</u>	<u>Housing Assistance</u>	<u>Home Weatherization Assistance</u>	<u>Emergency Family Services</u>	<u>Management and General</u>	<u>Subsidiary</u>	<u>2016 Totals</u>
\$ 227,679	\$ 120,357	\$ 192,997	\$ -	\$ 375,434	\$ -	\$ 5,301,314
21,002	7,579	17,450	-	124,262	-	636,780
9,472	1,960	4,731	-	10,919	-	79,951
15,531	44,852	4,480	-	31,487	-	234,833
8,428	4,797	10,234	-	28,503	-	122,014
3,268	5,908	4,810	-	7,563	-	83,121
2,463,483	43,941	371,853	23,375	15,539	-	3,675,158
2,090	11,507	20,698	-	46,321	-	190,716
-	-	-	-	-	283,891	283,891
-	20,515	-	-	-	-	20,515
-	-	-	-	4,089	-	753,050
2,750,953	261,416	627,253	23,375	644,117	283,891	11,381,343
-	-	-	-	-	-	(15,841)
<u>\$ 2,750,953</u>	<u>\$ 261,416</u>	<u>\$ 627,253</u>	<u>\$ 23,375</u>	<u>\$ 644,117</u>	<u>\$ 283,891</u>	<u>\$ 11,365,502</u>

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Childhood Education</u>	<u>Child Care</u>	<u>Nutrition</u>	<u>Senior Volunteer</u>
OPERATING EXPENSES				
Personnel costs	\$ 4,193,636	\$ 206,752	\$ -	\$ 31,499
Space costs	418,621	10,475	-	-
Communications	48,164	2,019	-	-
Contractual services	113,130	-	-	-
Materials and supplies	53,752	2,335	-	-
Travel and training	69,292	3,400	-	1,261
Equipment purchases and maintenance	-	-	-	-
Customer assistance	166,704	86,288	354,044	130,992
Other	115,064	315	-	-
Partnership	-	-	-	-
Property and equipment	-	-	-	-
In-kind expenses	629,657	-	-	17,372
Total operating expenses by function prior to GAAP adjustment	<u>5,808,020</u>	<u>311,584</u>	<u>354,044</u>	<u>181,124</u>
Debt service	<u>(16,443)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses after GAAP adjustment	<u><u>\$ 5,791,577</u></u>	<u><u>\$ 311,584</u></u>	<u><u>\$ 354,044</u></u>	<u><u>\$ 181,124</u></u>

See accompanying notes to consolidated financial statements.

<u>Utility Assistance</u>	<u>Housing Assistance</u>	<u>Home Weatherization Assistance</u>	<u>Emergency Family Services</u>	<u>Management and General</u>	<u>Subsidiary</u>	<u>Restated 2015 Totals</u>
\$ 250,536	\$ 123,509	\$ 228,166	\$ -	\$ 258,908	\$ -	\$ 5,293,006
23,726	7,132	14,497	-	143,923	-	618,374
9,583	1,986	5,468	-	11,134	-	78,354
15,721	(4,081)	4,643	-	15,652	-	145,065
43,808	3,251	13,309	-	18,081	-	134,536
3,715	12,284	7,186	-	11,100	-	108,238
-	-	-	-	-	-	-
2,218,591	-	393,807	9,120	57,086	-	3,416,632
1,430	944	23,385	-	(70,141)	-	70,997
-	-	-	-	-	254,463	254,463
-	(32,114)	-	-	-	-	(32,114)
-	-	-	-	2,111	-	649,140
<u>2,567,110</u>	<u>112,911</u>	<u>690,461</u>	<u>9,120</u>	<u>447,854</u>	<u>254,463</u>	<u>10,736,691</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,443)</u>
<u>\$ 2,567,110</u>	<u>\$ 112,911</u>	<u>\$ 690,461</u>	<u>\$ 9,120</u>	<u>\$ 447,854</u>	<u>\$ 254,463</u>	<u>\$ 10,720,248</u>

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**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>Restated 2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 482,999	\$ 879,047
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	192,038	231,327
Amortization	10,511	10,512
Gain on sale of property and equipment	(84,932)	-
Contributions of fixed assets	(56,000)	-
Section 1602 loan forgiveness	(201,743)	(201,743)
Increase (decrease) in cash from changes in:		
Grants receivable	(151,153)	(560,237)
Accounts receivable	(37,857)	201,268
Prepaid expenses	76,076	3,111
Accounts payable	(27,829)	656
Accrued payroll and related expenses	(15,724)	(228,119)
Deferred revenue	1,390	(20,016)
Net cash provided by (used in) operating activities	187,776	315,806
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificates of deposit	-	(190)
Proceeds from sale of property and equipment	84,932	-
Purchases of property and equipment	(27,967)	(398,588)
Net cash provided by (used in) investing activities	56,965	(398,778)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of notes payable	(15,840)	(16,443)
Net cash provided by (used in) financing activities	(15,840)	(16,443)
NET INCREASE (DECREASE) IN CASH	228,901	(99,415)
CASH, BEGINNING OF YEAR	253,151	352,566
CASH, END OF YEAR	\$ 482,052	\$ 253,151
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	\$ 67,353	\$ 65,381

See accompanying notes to consolidated financial statements.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Community Action Program of Evansville and Vanderburgh County, Inc.(the “Organization”), and its wholly-owned subsidiary, CAPE Place, LLC (the “Subsidiary”). In accordance with the FASB Accounting Standards Codification topic “Consolidation of Not-for-profit entities”, consolidation is required for the aforementioned entities and all material intercompany transactions have been eliminated in the consolidation.

NATURE OF OPERATIONS

Community Action Program of Evansville and Vanderburgh County, Inc. (CAPE or the Organization) was incorporated and commenced operations as a not-for-profit Organization in 1965, under the laws of the State of Indiana. The Organization was formed to develop and provide resources for the purpose of assisting low-income individuals in the City of Evansville and Vanderburgh County, Indiana through a variety of programs, including Head Start, Energy Assistance, Section 8, Weatherization, Foster Grandparents, Owner Occupied Rehabilitation Programs, Food Banks and Individual Development Accounts. The Organization is primarily supported through federal and state government grants.

CAPE Place, LLC was formed to further the charitable purposes of Community Action Program of Evansville through development, ownership, and operation of a 28-unit affordable housing rental project on certain real estate located in Princeton, Indiana, to be known as CAPE Place.

Income or losses from business activity performed by CAPE Place, LLC and Community Action Program of Evansville and Vanderburgh County, Inc. are reflected as increases and decreases in the net assets of the Subsidiary in the consolidated statement of financial position. In addition, income or losses from Subsidiary activity is presented in the consolidated statement of activities.

BASIS OF ACCOUNTING

The financial statements of the Organization and Subsidiary have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

REVENUE RECOGNITION

The Organization receives grants from the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals. Revenues under the contracts are recognized as the services are provided. The Subsidiary recognizes revenue as it is earned and billed.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY AND EQUIPMENT

The Organization and Subsidiary follow the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided using the straight-line method over estimated useful lives of three to forty years. The following is a summary of the lives for each class of asset:

Buildings	40 years
Leasehold improvements	15 years
Equipment	3-10 years
Vehicles	5 years

When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred.

The Organization has adopted a policy for implying time restrictions on contributions of long-lived assets (and contributions of cash and other assets restricted to purchasing them) are met when the asset is placed in service.

The Organization's total depreciation expense for the years ended December 31, 2016 and 2015, was \$72,838 and \$94,255, respectively. The Subsidiary's depreciation expense was \$119,200 and \$137,072, respectively for the years ended December 31, 2016 and 2015.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Organization that is not a private foundation under Section 509(a)(2).

In addition, since the subsidiary LLC is wholly owned by the Organization, there is only a single member. Per Internal Revenue Service Code, the LLC is considered to be a "disregarded entity" for tax purposes, meaning that all revenues and expense of the LLC are reported as part of the Organization's annual tax return. No income tax return is required to be prepared for the sole-member LLC.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) for *Financial Statements of Not-for-Profit Organizations*. Per these Standards the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL STATEMENT PRESENTATION (continued)

A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Temporarily restricted net assets also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors.

Permanently restricted net assets represent contributions and other inflows of assets whose use by Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization did not have permanently or temporarily restricted net assets as of December 31, 2016 and 2015.

USE OF ESTIMATES

The preparation of accrual basis financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CONTRIBUTIONS

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated 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 statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

TAX BENEFITS

The Organization and Subsidiary recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. With few exceptions, the Organization and Subsidiary are no longer subject to examination by taxing authorities for the years before 2013.

ALLOCATION OF COSTS

The Organization allocates joint costs to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, which cannot be readily identified with a final cost objective. The Organization's cost allocation methods are as follows:

Administrative Personnel

Agency administrative and financial personnel (Executive Director, Director of Administration, accounting personnel, etc.) record the time they spend working on specific programs on their time sheets. The time specifically identifiable to a particular program is charged to that program.

Administrative Non-personnel Costs

Administrative non-personnel costs (including administrative space costs, utilities, telephone, supplies, travel, etc.) are allocated based on actual administrative time spent in each program.

Occupancy Costs

Occupancy costs (maintenance costs, utilities, insurance, rent, repair costs, etc.) are allocated based on the number of square feet of space each program occupies.

GRANTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The grants receivable represent amounts the Organization has filed claims for the years ended and were awaiting payment. A substantial majority of receivables are due from government sources. The amount deemed uncollectible is zero. Therefore, no bad debt allowance is considered necessary.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNTS RECEIVABLE

The accounts receivable represent amounts due for child care services. The Organization considers accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary. The past due accounts are reviewed and written off every year in the month of July. The direct write-off method was not determined to have a material impact on the financial statements.

CASH EQUIVALENTS

The Organization considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

IN-KIND CONTRIBUTIONS

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue and other support by a like amount. For the years ended December 31, 2016 and 2015, this adjustment amounted to approximately \$753,050 and \$649,041, respectively.

The Organization has recorded in-kind contributions for professional services on the Consolidated Statement of Activities as required per the FASB Accounting Standards Codification for *Accounting for Contributions Received and Contributions Made*. This standard requires that only contributions of services received that create or enhance non-financial assets or require specialized skill and would typically need to be purchased if not provided by donation be recorded. The requirements of the FASB standard are different from the in-kind requirements of the Organization's grant funding sources.

Of the \$753,050 and \$649,041 of in-kind contributions and related expenses recorded in the Organization's Statement of Activities for the years ended December 31, 2016 and 2015, contributed services meeting the requirements of the aforementioned standard are \$321,459 and \$303,782, respectively, related to Head Start. During 2016 and 2015, the Organization also received other in-kind contributions totaling \$858,409 and \$415,143, respectively, related to its Head Start, Foster Grandparent, and Indiana Minority Health Coalition programs, which includes services from non-professional volunteers which are not recorded in the Consolidated Statements of Activities.

During 2016 and 2015, the Organization also received in-kind donations including food, supplies, and space for its Head Start and Foster Grandparent program totaling \$431,591 and \$345,259, respectively.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IN-KIND CONTRIBUTIONS (continued)

The table below details the in-kind contributions for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Head Start/Foster Grandparent in-kind		
Professional services	\$ 321,459	\$ 303,782
Supplies/food/space in-kind	431,591	345,259
	<hr/>	<hr/>
Total in-kind reported in financial statements	753,050	649,041
Head Start volunteer services	856,406	414,403
FGP and IMHC volunteer	2,003	740
Total in-kind for all programs	<u>\$ 1,611,459</u>	<u>\$ 1,064,184</u>

NOTE 2 - CASH

Cash consisted of the following as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Checking - Parent	\$ 404,261	\$ 169,901
Checking - Subsidiary	77,391	82,850
Petty Cash	400	400
Total Cash	<u>\$ 482,052</u>	<u>\$ 253,151</u>

NOTE 3 - GRANTS RECEIVABLE

The grants receivable consists primarily of amounts due from federal and state agencies. The grants receivable from the various funding sources as of December 31, 2016 and 2015 consisted of:

	<u>2016</u>	<u>2015</u>
Federal Programs (Direct and pass-through)	\$ 1,769,771	\$ 1,620,334
State and Local Programs	15,882	14,166
Total	<u>\$ 1,785,653</u>	<u>\$ 1,634,500</u>

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 4 - ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS

As required per the FASB Accounting Standards Codification for *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This standard has not materially affected the Organization's net change in unrestricted net assets, statement of financial position or statement of cash flows.

NOTE 5 - DUE FROM AFFILIATES

During the year ended December 31, 2003, the Organization advanced funds to Southern Indiana Housing Corporation, an Indiana corporation, for start-up monies related to the design and construction of a low-income senior housing project in Southern Indiana. The funds are repayable to the Organization at the end of the project. As of December 31, 2016 and 2015, the balance due from Southern Indiana Housing Corporation was \$3,200 for both years.

During the year ended December 31, 2003, the Organization advanced funds to Brumfield Place, L.P., an Indiana limited partnership, for the operation of a 24 unit low-income housing project in Princeton, Indiana, of which the Organization is the development sponsor. The funds will be repaid from the final payment of the syndicators. As of December 31, 2016 and 2015, the balance due from Brumfield Place, L.P. was \$83,304, for both years.

NOTE 6 - EMPLOYEE BENEFITS

The Organization has a 401(k) plan. The Organization provides contributions up to a maximum amount of 1% of employee compensation. Contributions to the plan are made for all permanent employees starting from the date of employment. Employee benefit expense under this plan was approximately \$42,633 and \$43,011 for the years ended December 31, 2016 and 2015, respectively.

NOTE 7 - DEVELOPMENT FEES RECEIVABLE

On March 15, 2002, the Organization, under the signature of its affiliate, CAPE Development Corporation, entered into a Limited Partnership agreement (Brumfield Place, L.P.) with the U.S.A. Institutional Tax Credit Fund XXVIII, L.P., a Delaware limited partnership, to develop and maintain a 24 unit low-income housing project in Princeton, Indiana. Upon completion of project construction, CAPE was scheduled to receive development fees for its time and effort in

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 7 - DEVELOPMENT FEES RECEIVABLE (continued)

the project's development. Payments are to be made on a yearly basis as funds permit. The balance due was \$156,185 as of December 31, 2016 and 2015.

In 2010, the Organization entered into an Agreement with its subsidiary, CAPE Place, LLC to develop and maintain a 28 unit low-income housing project in Princeton, Indiana. Under the agreement, CAPE is scheduled to receive development fees for its time and effort in the project's development. Payments are to be made based on meeting specific milestones described in the agreement. As of December 31, 2016 and 2015, the balance due was \$221,063 and \$234,886, respectively.

NOTE 8 - NOTES RECEIVABLE

The Organization has entered into a real estate mortgage agreement with Brumfield Place, L.P., an Indiana limited partnership, dated March 15, 2002 in the principal amount of \$200,000. The mortgage matures on December 21, 2018 and is payable in full at maturity along with any accrued interest. The note bears interest at a rate of 0.0% per annum. As of December 31, 2016 and 2015, the mortgage balance remained at \$200,000.

The Organization has entered into a real estate mortgage agreement with Brumfield Place, L.P.; an Indiana limited partnership, dated March 15, 2002 in the principal amount of \$225,000. The mortgage matures on December 21, 2018 and is payable in full at maturity along with any accrued interest. The note bears interest at a rate of 0.0% per annum. As of December 31, 2016 and 2015, the mortgage balance remained at \$225,000.

The Organization under the signature of its affiliate, Southern Indiana Housing Corporation, has entered into a forgivable note receivable agreement with Paradise Estates Apartments, an Indiana not-for-profit, in the principal amount of \$633,300. The note matures on March 2045 and is forgiven if the apartments are used for affordable housing. The note bears interest at a rate of 0.0% per annum. As of December 31, 2016 and 2015, the note balance remained at and \$633,300.

The Organization under the signature of its affiliate, Southern Indiana Housing Corporation, has entered into a forgivable note receivable agreement with Paradise Estates Apartments, an Indiana not-for-profit, in the principal amount of \$150,000. The note matures on March 2020 and is forgiven if the apartments are used for affordable housing. The note bears interest at a rate of 0.0% per annum. As of December 31, 2016 and 2015 the note balance remained at \$150,000.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 8 - NOTES RECEIVABLE (continued)

The Organization under the signature of its affiliate, Southern Indiana Housing Corporation, has entered into a forgivable note receivable agreement with Paradise Estates Apartments, an Indiana not-for-profit, in the principal amount of \$64,170. The note matures on March 2020 and is forgiven if the apartments are used for affordable housing. The note bears interest at a rate of 0.0% per annum. As of December 31, 2016 and 2015 the note balance remained at \$64,170.

NOTE 9 - OPERATING LEASES

The Organization leases various facilities for operation of its programs. Rent expense for the years ended December 31, 2016 and 2015 was \$184,253 and \$188,848, respectively. Future minimum lease payments on leases having non-cancelable terms beyond December 31, 2016 are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 159,097
2018	128,615
2019	124,552
2020	114,952
2021	114,952
Thereafter	1
	<u>\$ 642,169</u>

NOTE 10 - LONG-TERM DEBT

In December of 2002, the Organization assumed a promissory note with Fifth Third Bank originally dated December 2, 1996 and used by Evansville Community Services, Inc., an affiliate of the Organization, for the purchase of a commercial building. In December 2002, the Organization also assumed the title of the building. The original note was for the principal amount of \$765,000, matures in October 17, 2016 and is secured by real estate. The loan is payable in monthly installments of \$5,629 including principal and interest. The Organization assumed the remaining balance on the note of \$715,666 as of December 17, 2002. The remaining balance on the note as of December 31, 2016 and 2015 was \$618,607 and \$628,395 respectively.

During 2008 the Organization obtained a loan from Evansville Community Bank dated February 1, 2008 which was used to pay off a previous loan with Fifth Third. The principal amount of the loan was \$87,659 and was payable in monthly installments of \$772 including principal and interest. The interest rate was 7.04% and the note, which was secured by real estate, Bank

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 10 - LONG-TERM DEBT (continued)

matured on February 1, 2013. During 2013 the Organization refinanced the loan with Evansville Community Bank with a loan dated October 2, 2013, which is secured by the same real estate as the previous loan, with a principal amount of \$70,707 and a maturity date of October 2, 2018. The loan has an interest rate fixed at 4.02% and is payable in monthly installments of \$526, including principal and interest. The remaining balance on the note as of December 31, 2016 and 2015 was \$58,422 and \$62,261, respectively.

The Organization has entered into a loan agreement with the United States Department of Agriculture, Rural Housing Service, dated February 26, 2004 in the principal amount of \$140,000 for the purpose of partially funding the construction of a new Head Start facility in Princeton, Indiana. The loan is payable in monthly installments of \$636 beginning March 26, 2005 which includes interest of 4.5% per annum with a maturity date of February 26, 2045. The remaining balance on the note as of December 31, 2016 and 2015 was \$119,200 and \$121,414, respectively.

The future maturities of long-term debt are as follows for the years ended December 31,:

<u>Year</u>	<u>Amount</u>
2017	\$ 44,942
2018	94,264
2019	41,641
2020	43,553
2021	45,554
Thereafter	526,975
	<u>\$ 796,929</u>

Interest expense amounted to \$67,353 and \$65,381 for the years ended December 31, 2016 and 2015, respectively.

NOTE 11 - BRUMFIELD PLACE L.P. AND PARADISE ESTATES APARTMENTS

Brumfield Place L.P. (the "Project") was organized as a limited partnership in March 2002 to construct, own and operate a 24-unit apartment complex in Princeton, Indiana. Each building in the project has qualified and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. The Organization owns a 1/100th interest in the Project and has obtained HOME and AHP funds to assist with the development. The HOME and AHP Funds have in turn been loaned to the Project (see note 8). As of December 31, 2016 and 2015, the Organization had made no material contributions to the Project or incurred any material related costs.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

**NOTE 11 - BRUMFIELD PLACE L.P. AND PARADISE ESTATES APARTMENTS
(continued)**

Paradise Estates Apartments (the “Secondary Project”) was organized as a separate not-for-profit in March 2003 to construct, own and operate a 9-unit apartment complex in Princeton, Indiana. The Organization, under the signature of its affiliate, Southern Indiana Housing Corporation, obtained Section 202, HOME and AHP funds to assist with the development. The Section 202, HOME and AHP Funds have in turn been loaned to the Secondary Project (see note 8). As of December 31, 2016 and 2015, the Organization had made no material contributions to the Project or incurred any material related costs.

NOTE 12 - NOTES PAYABLE – HOME, AHP AND SECTION 1602 FUNDS

The Organization, under the signature of its affiliate, CAPE Development Corporation, has entered into an agreement with the State of Indiana Housing Finance Authority (IHFA) for the use of \$225,000 of HOME Funds in the development of Brumfield Place (see note 11). In addition, the Organization has entered into an agreement for the use of \$200,000 of AHP Funds in the development. The term of both loans is for an initial period of 15 years and with both loans maturing on December 21, 2018. Repayment of the loans is contingent upon the availability of Brumfield Place’s “residual receipts”, as defined in the agreement. The loans bears an annual interest rate of 0.00%, of which, interest is payable from residual receipts prior to the payment of any principal.

The Organization, under the signature of its affiliate, Southern Indiana Housing Corporation, has entered into an agreement with the Department of Metropolitan Development of the City of Evansville, Indiana for the use of \$150,000 of HOME Funds in the development of Paradise Estates Apartments. In addition, the Organization has entered into an agreement with the Federal Home Loan Bank for the use of \$64,170 of AHP Funds in the development. The term of both loans is for an initial period of 20 years and with both loans maturing on March 2020. These notes payable will be forgiven if Paradise Estates is used as affordable housing until March 2020.

The Organization, under the signature of its subsidiary, CAPE Place, LLC, has entered into an agreement with the Indiana Housing and Community Development Authority for the use of \$3,026,140 of ARRA Section 1602 Exchange funds in the development of 28 units of low-income housing. The loan is forgivable in 1/15th equal annual amounts over the 15 year term of the note beginning on the first anniversary of the earlier of December 1, 2011 or the date the project is put into service. The note bears interest at a rate of 0.0% per annum. As of December 31, 2016 and 2015, the note balance was \$2,062,314 and \$2,264,057, respectively.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 12 - NOTES PAYABLE – HOME, AHP AND SECTION 1602 FUNDS (continued)

The Organization entered into an agreement with the Indiana Housing and Community Development Authority for the \$400,000 of Community Development Block Grant Disaster Relief II funds in the development of 28 units of low-income housing. The note bears interest at a rate of 0.0% per annum and matures on November 24, 2027. As of December 31, 2016 and 2015, the note balance was \$400,000 for both years.

NOTE 13 - CONTINGENT LIABILITY

Several programs administered by the Organization provide funds towards the purchase, construction and/or rehabilitation of homes and rental properties. These programs include: Federal Home Loan Bank--Home Opportunities Program, Department of Metropolitan Development--Down Payment Assistance Program, Indiana Housing and Community Development--Owner Occupied Rehabilitation Program, Department of Metropolitan Development--Buy/Rehab/Resale Program, Department of Metropolitan Development--Home Money, the Indiana Housing and Community Development--HOME Investment Partnership program rental new construction, and Indiana Housing and Community Development--Housing Education Counseling/Down Payment Assistance Program.

In these programs, low income persons can qualify for down payment assistance or for repairs and improvements of owner occupied residences and HOME assisted rental units. For owner-occupied properties, the Organization holds a mortgage equal to the amount of the down payment or repairs for each participating homeowner. These mortgages are forgivable if the mortgagor owns and occupies the mortgaged premises for the required timeframe. These timeframes range from 3 to 15 years for the various programs. As of December 31, 2016, the Organization held 17 mortgages with a total balance of \$351,221. As of December 31, 2015, the Organization held 42 mortgages in the amount of \$451,721.

The Organization constructed three rental properties in Oakland City with \$253,000 of HOME funds in 2015. These rental properties must adhere to a twenty year affordability requirements that requires rents to qualifying tenants not to exceed 30% of the tenants gross income. If these three properties are transferred, foreclosed or not used as a residence for qualifying tenants during the affordability period, the entire sum secured by lien, without interest, shall be due and payable upon demand.

While the Organization holds these zero percent forgivable loans, the anticipated future collections cannot be determined. Although these mortgages are secured by a lien on the homes, there is a possibility that the Organization may have to repay the governmental funds used under this program if the owner occupants do not occupy the homes for the mandatory periods. The final liability, if any, to be paid cannot be determined at this time. Accordingly, these financial statements do not reflect any liability, which may arise as a result.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 14 - CONCENTRATION OF RISK

The Organization maintains its cash balances in several banks. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of December 31, 2016 and 2015. At times throughout the year, the balance in this account may exceed these limits. At December 31, 2016 and 2015, one bank had uninsured bank balances of \$26,262 and \$0, respectively.

Revenues from federal and state government agencies that provide grant and contract funding to the Organization represented 90% and 92% of the Organization's total revenue and support for the years ended December 31, 2016 and 2015, respectively.

NOTE 15 - INDIVIDUAL DEVELOPMENT ACCOUNTS

The Organization maintains multiple Individual Development Accounts (IDA's) with commercial banks. IDA's are matched savings accounts that enable low-income American families to save, build assets, and enter the financial mainstream. The total cash balance in those accounts amounted to \$498,239 and \$534,842 for the years ended December 31, 2016 and 2015. These balances are not included in the Organization's financial statements.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 15, 2017, which is the date the financial statements were available to be issued.

NOTE 17 - RESTATEMENT

The Subsidiary financial statements for the year ended December 31, 2015 have been restated to correct tax credit exchange funds and amortization expense affecting the consolidated financial statements. The Subsidiary's net assets as of January 1, 2015 were reduced \$216,919. Amounts previously reported and restated financial statements are summarized as follows:

	Previously Reported	Adjustment	Restated 2015
Capitalized costs, net	\$ 52,558	\$ 65,695	\$ 118,253
Notes payable	3,929,448	184,888	4,114,336
Section 1602 forgiveness revenue	248,409	(46,666)	201,743
Subsidiary expenses	275,485	(21,022)	254,463

SUPPLEMENTARY INFORMATION



Independent Auditor's Report on Supplementary Information

Board of Directors
Community Action Program of Evansville and Vanderburgh County, Inc. and Subsidiary
Evansville, Indiana

Our report on our audits of the consolidated financial statements of Community Action Program of Evansville and Vanderburgh County, Inc. and Subsidiary as of December 31, 2016 and 2015 appears on page one. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information (shown on pages 26, 27, 28, 29, 30 and 31) is presented for purposes of additional analysis of the consolidated financial statements rather than to present the statements of financial position, results of activities, and cash flows of the individual organizations. 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the consolidated 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 consolidated financial statements taken as a whole for the years ended December 31, 2016 and 2015.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
May 15, 2017

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

	ASSETS				
	2016				
	Parent		Subsidiary		Consolidated Total
Unrestricted	Temporarily Restricted	Cape Place, LLC	Eliminations		
Current assets					
Cash	\$ 404,661	\$ -	\$ 77,391	\$ -	\$ 482,052
Certificates of deposit	-	-	113,533	-	113,533
Grants receivable	1,785,653	-	-	-	1,785,653
Accounts receivable	66,475	-	12,069	-	78,544
Due from Southern Indiana Housing Corp.	3,200	-	-	-	3,200
Due from Brumfield Place, L.P.	83,304	-	-	-	83,304
Prepaid expenses	93,906	-	52,891	-	146,797
Total current assets	<u>2,437,199</u>	<u>-</u>	<u>255,884</u>	<u>-</u>	<u>2,693,083</u>
Property and equipment					
Land	256,026	-	60,000	-	316,026
Vehicles and equipment	1,197,132	-	174,057	-	1,371,189
Buildings and improvements	2,035,803	-	3,408,125	-	5,443,928
	<u>3,488,961</u>	<u>-</u>	<u>3,642,182</u>	<u>-</u>	<u>7,131,143</u>
Less accumulated depreciation	<u>(1,676,724)</u>	<u>-</u>	<u>(561,427)</u>	<u>-</u>	<u>(2,238,151)</u>
Total property and equipment, net	<u>1,812,237</u>	<u>-</u>	<u>3,080,755</u>	<u>-</u>	<u>4,892,992</u>
Other assets					
Development fees receivable	377,248	-	-	(221,063)	156,185
Investment in Subsidiary	745,499	-	-	(745,499)	-
Notes receivable - Brumfield Place, L.P.	425,000	-	-	-	425,000
Notes receivable - Paradise Estates Apartments	847,470	-	-	-	847,470
Notes receivable - Cape Place LLC	400,000	-	-	(400,000)	-
Capitalized costs, net	-	-	107,742	-	107,742
Total other assets	<u>2,795,217</u>	<u>-</u>	<u>107,742</u>	<u>(1,366,562)</u>	<u>1,536,397</u>
	<u>\$ 7,044,653</u>	<u>\$ -</u>	<u>\$ 3,444,381</u>	<u>\$ (1,366,562)</u>	<u>\$ 9,122,472</u>
	LIABILITIES AND NET ASSETS				
Current liabilities					
Accounts payable	\$ 106,068	\$ -	\$ 6,624	\$ -	\$ 112,692
Accrued payroll and payroll expenses	371,465	-	-	-	371,465
Deferred revenue and deposits	-	-	8,782	-	8,782
Developer fees due to CAPE	-	-	221,064	(221,064)	-
Current maturities of long-term debt	44,942	-	-	-	44,942
Total current liabilities	<u>522,475</u>	<u>-</u>	<u>236,470</u>	<u>(221,064)</u>	<u>537,881</u>
Long-term liabilities					
Note payable - CDBG	400,000	-	400,000	(400,000)	400,000
Note payable - AHP Funds	264,170	-	-	-	264,170
Note payable - HOME Funds	375,000	-	-	-	375,000
Note payable - Section 202	633,300	-	-	-	633,300
Note Payable - Section 1602	-	-	2,062,314	-	2,062,314
Notes payable - other	751,987	-	-	-	751,987
Notes payable	<u>2,424,457</u>	<u>-</u>	<u>2,462,314</u>	<u>(400,000)</u>	<u>4,486,771</u>
Total long-term liabilities	<u>2,424,457</u>	<u>-</u>	<u>2,462,314</u>	<u>(400,000)</u>	<u>4,486,771</u>
Total liabilities	<u>2,946,932</u>	<u>-</u>	<u>2,698,784</u>	<u>(621,064)</u>	<u>5,024,652</u>
Net assets	<u>4,097,721</u>	<u>-</u>	<u>745,597</u>	<u>(745,498)</u>	<u>4,097,820</u>
Total liabilities and net assets	<u>\$ 7,044,653</u>	<u>\$ -</u>	<u>\$ 3,444,381</u>	<u>\$ (1,366,562)</u>	<u>\$ 9,122,472</u>

See Independent Auditor's Report on Supplementary Information.

2015

Parent		Restated Subsidiary		Consolidated	
Unrestricted	Temporarily Restricted	Cape Place, LLC	Eliminations	Total	
\$ 170,301	\$ -	\$ 82,850	\$ -	\$ 253,151	
-	-	113,533	-	113,533	
1,634,500	-	-	-	1,634,500	
36,743	-	3,944	-	40,687	
3,200	-	-	-	3,200	
83,304	-	-	-	83,304	
162,634	-	60,239	-	222,873	
<u>2,090,682</u>	<u>-</u>	<u>260,566</u>	<u>-</u>	<u>2,351,248</u>	
256,026	-	60,000	-	316,026	
1,177,195	-	174,057	-	1,351,252	
1,979,803	-	3,408,125	-	5,387,928	
3,413,024	-	3,642,182	-	7,055,206	
(1,611,916)	-	(442,227)	-	(2,054,143)	
<u>1,801,108</u>	<u>-</u>	<u>3,199,955</u>	<u>-</u>	<u>5,001,063</u>	
391,071	-	-	(234,886)	156,185	
783,491	-	-	(783,491)	-	
425,000	-	-	-	425,000	
847,470	-	-	-	847,470	
400,000	-	-	(400,000)	-	
-	-	118,253	-	118,253	
<u>2,847,032</u>	<u>-</u>	<u>118,253</u>	<u>(1,418,377)</u>	<u>1,546,908</u>	
<u>\$ 6,738,822</u>	<u>\$ -</u>	<u>\$ 3,578,774</u>	<u>\$ (1,418,377)</u>	<u>\$ 8,899,219</u>	
\$ 132,479	\$ -	\$ 8,042	\$ -	\$ 140,521	
387,189	-	-	-	387,189	
-	-	7,392	-	7,392	
-	-	234,886	(234,886)	-	
634,960	-	-	-	634,960	
<u>1,154,628</u>	<u>-</u>	<u>250,320</u>	<u>(234,886)</u>	<u>1,170,062</u>	
400,000	-	400,000	(400,000)	400,000	
264,170	-	-	-	264,170	
375,000	-	-	-	375,000	
633,300	-	-	-	633,300	
-	-	2,264,057	-	2,264,057	
177,809	-	-	-	177,809	
<u>1,850,279</u>	<u>-</u>	<u>2,664,057</u>	<u>(400,000)</u>	<u>4,114,336</u>	
<u>1,850,279</u>	<u>-</u>	<u>2,664,057</u>	<u>(400,000)</u>	<u>4,114,336</u>	
3,004,907	-	2,914,377	(634,886)	5,284,398	
3,733,915	-	664,397	(783,491)	3,614,821	
<u>\$ 6,738,822</u>	<u>\$ -</u>	<u>\$ 3,578,774</u>	<u>\$ (1,418,377)</u>	<u>\$ 8,899,219</u>	

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016				Consolidated Total
	Parent		Subsidiary		
	Unrestricted	Temporarily Restricted	Cape Place, LLC	Eliminations	
Support and revenue					
Grant revenue	\$ 10,464,753	\$ -	\$ -	\$ -	\$ 10,464,753
Contributions	121,051	-	-	-	121,051
Program revenue	163	-	-	-	163
Rent income	-	-	163,278	-	163,278
Other	59,448	-	-	-	59,448
Earnings from subsidiary	(37,993)	-	-	37,993	-
Interest	13	-	70	-	83
Section 1602 forgiveness	-	-	201,743	-	201,743
Gain on sale of property and equipment	84,932	-	-	-	84,932
In-kind contributions	753,050	-	-	-	753,050
Total support and revenue before net assets released from restriction	11,445,417	-	365,091	37,993	11,848,501
Net assets released from restrictions	-	-	-	-	-
Total support and revenue	11,445,417	-	365,091	37,993	11,848,501
Expenses					
Childhood education	5,771,817	-	-	-	5,771,817
Child care	409,577	-	-	-	409,577
Nutrition	429,064	-	-	-	429,064
Senior volunteer	164,039	-	-	-	164,039
Utility assistance	2,750,953	-	-	-	2,750,953
Housing assistance	261,416	-	-	-	261,416
Home weatherization assistance	627,253	-	-	-	627,253
Emergency family service	23,375	-	-	-	23,375
Management and general	644,117	-	-	-	644,117
Subsidiary	-	-	283,891	-	283,891
Total operating expenses	11,081,611	-	283,891	-	11,365,502
Increase (decrease) in net assets	363,806	-	81,200	37,993	482,999
Net assets at beginning of year	3,733,915	-	664,397	(783,491)	3,614,821
Prior year adjustment	-	-	-	-	-
Net assets at beginning of year - restated	3,733,915	-	664,397	(783,491)	3,614,821
Net assets at end of year	\$ 4,097,721	\$ -	\$ 745,597	\$ (745,498)	\$ 4,097,820

See Independent Auditor's Report on Supplementary Information.

**Restated
2015**

Parent		Restated Subsidiary		Consolidated Total
Unrestricted	Temporarily Restricted	Cape Place, LLC	Eliminations	
\$ 10,538,546	\$ -	\$ -	\$ -	\$ 10,538,546
50,612	-	-	-	50,612
1,000	-	-	-	1,000
-	-	150,246	-	150,246
7,900	-	-	-	7,900
123,370	-	-	(123,370)	-
7	-	200	-	207
-	-	201,743	-	201,743
-	-	-	-	-
649,041	-	-	-	649,041
11,370,476	-	352,189	(123,370)	11,599,295
82,174	(82,174)	-	-	-
11,452,650	(82,174)	352,189	(123,370)	11,599,295
5,791,577	-	-	-	5,791,577
311,584	-	-	-	311,584
354,044	-	-	-	354,044
181,124	-	-	-	181,124
2,567,110	-	-	-	2,567,110
112,911	-	-	-	112,911
690,461	-	-	-	690,461
9,120	-	-	-	9,120
447,854	-	-	-	447,854
-	-	254,463	-	254,463
10,465,785	-	254,463	-	10,720,248
986,865	(82,174)	97,726	(123,370)	879,047
2,747,050	82,174	783,590	(660,121)	2,952,693
-	-	(216,919)	-	(216,919)
2,747,050	82,174	566,671	(660,121)	2,735,774
<u>\$ 3,733,915</u>	<u>\$ -</u>	<u>\$ 664,397</u>	<u>\$ (783,491)</u>	<u>\$ 3,614,821</u>

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			Total Consolidated
	Parent	Subsidiary	Eliminations	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ 363,806	\$ 81,200	\$ 37,993	\$ 482,999
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:				
Depreciation	72,838	119,200	-	192,038
Amortization	-	10,511	-	10,511
Gain on sale of property and equipment	(84,932)	-	-	(84,932)
Contributions of fixed assets	(56,000)	-	-	(56,000)
Earnings on subsidiary	37,993	-	(37,993)	-
Section 1602 loan forgiveness	-	(201,743)	-	(201,743)
Increase (decrease) in cash from changes in:				
Grants receivable	(151,153)	-	-	(151,153)
Accounts receivable	(29,732)	(8,125)	-	(37,857)
Prepaid expenses	68,728	7,348	-	76,076
Development fees receivable	13,822	-	(13,822)	-
Accounts payable	(26,411)	(1,418)	-	(27,829)
Accrued payroll and related expenses	(15,724)	-	-	(15,724)
Deferred revenue and deposits	-	1,390	-	1,390
Development fees due to CAPE	-	(13,822)	13,822	-
Net cash provided by (used in) operating activities	<u>193,235</u>	<u>(5,459)</u>	<u>-</u>	<u>187,776</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of certificates of deposit	-	-	-	-
Proceeds from sale of property and equipment	84,932	-	-	84,932
Purchases of property and equipment	(27,967)	-	-	(27,967)
Net cash provided by (used in) investing activities	<u>56,965</u>	<u>-</u>	<u>-</u>	<u>56,965</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of notes payable	(15,840)	-	-	(15,840)
Net cash provided by (used in) financing activities	<u>(15,840)</u>	<u>-</u>	<u>-</u>	<u>(15,840)</u>
NET INCREASE (DECREASE) IN CASH	<u>234,360</u>	<u>(5,459)</u>	<u>-</u>	<u>228,901</u>
CASH, BEGINNING OF YEAR	<u>170,301</u>	<u>82,850</u>	<u>-</u>	<u>253,151</u>
CASH, END OF YEAR	<u>\$ 404,661</u>	<u>\$ 77,391</u>	<u>\$ -</u>	<u>\$ 482,052</u>
Supplemental Disclosures of Cash Flow Information				
Cash paid during the year for interest	<u>\$ 67,353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,353</u>

See Independent Auditor's Report on Supplementary Information.

2015

<u>Parent</u>	<u>Subsidiary</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
\$ 904,691	\$ 97,726	\$ (123,370)	\$ 879,047
94,255	137,072	-	231,327
-	10,512	-	10,512
-	-	-	-
-	-	-	-
(123,370)	-	123,370	-
-	(201,743)	-	(201,743)
(560,237)	-	-	(560,237)
203,543	(2,275)	-	201,268
1,877	1,234	-	3,111
16,160	-	(16,160)	-
(2,140)	2,796	-	656
(228,119)	-	-	(228,119)
(20,891)	875	-	(20,016)
-	(16,160)	16,160	-
<u>285,769</u>	<u>30,037</u>	<u>-</u>	<u>315,806</u>
-	(190)	-	(190)
-	-	-	-
<u>(398,588)</u>	<u>-</u>	<u>-</u>	<u>(398,588)</u>
<u>(398,588)</u>	<u>(190)</u>	<u>-</u>	<u>(398,778)</u>
<u>(16,443)</u>	<u>-</u>	<u>-</u>	<u>(16,443)</u>
<u>(16,443)</u>	<u>-</u>	<u>-</u>	<u>(16,443)</u>
(129,262)	29,847	-	(99,415)
299,563	53,003	-	352,566
<u>\$ 170,301</u>	<u>\$ 82,850</u>	<u>\$ -</u>	<u>\$ 253,151</u>
<u>\$ 65,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,381</u>

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SINGLE AUDIT SECTION

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2016**

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Indiana Department of Education:			
Child and Adult Care Food Program	10.558	1820162	\$ 429,064
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through the City of Evansville -			
Department of Metropolitan Development:			
Owner Occupied Rehabilitation	14.218	M-16-MC-18-201	22,500
Owner Occupied Rehabilitation	14.218	None	19,115
Community Development Block Grant	14.218	B-14-MC-18-0002	78,000
Emergency Needs Pantry	14.218	None	8,500
Subtotal			<u>128,115</u>
Home Investment Partnership Program	14.239	M-14-MC-18-0201	<u>4,364</u>
Passed through Indiana Housing and Community Development Authority:			
Home Investment Partnership Program - Rental New Construction	14.239	CH-014-003	<u>253,000</u>
Direct Program:			
Housing Counseling Assistance Program	14.169	HC160421020	<u>7,213</u>
Direct Program:			
Section 202 Capital Grant - Paradise Estates	14.157	073-EE081-NP-WAH	<u>633,300</u>
HOME funds - Paradise Estates	14.239	063-512-439050020	150,000
HOME funds - Mulberry Properties	14.239	063-512-539050004	160,000
AHP funds - Brumfield Place	14.239	98B0626	200,000
HOME funds - Brumfield Place	14.239	CH-001-007	<u>225,000</u>
Subtotal CFDA 14.239 direct funding			<u>735,000</u>
Total U.S. Department of Housing and Urban Development			<u>1,760,992</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
DECEMBER 31, 2016**

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Program:			
Head Start Program			
Full Day / Part Day	93.600	05CH010175-01-00	2,669,950
Training and Technical Assistance	93.600	05CH010175-01-00	36,952
Full Day / Part Day	93.600	05CH010175-02-00	2,325,410
Training and Technical Assistance	93.600	05CH010175-02-00	21,052
Subtotal Head Start cluster			<u>5,053,364</u>
Assets for Independence Demonstration Program	93.602	IDA012B-008, IDA012-008 IDA013-008, IDA013-008-DF IDA014-008, IDA016-008	<u>2,948</u>
Passed through the Indiana Housing and Community Development Authority (IHCDA):			
Community Services Block Grant	93.569	CS-015-010	<u>342,677</u>
Low-Income Home Energy Assistance	93.568	WL-016-010	1,664,227
Low-Income Home Energy Assistance	93.568	WL-017-010	993,619
Low-Income Home Energy Assistance	93.568	LI-016-010	246,916
Low-Income Home Energy Assistance	93.568	LI-017-010	45,610
Subtotal			<u>2,950,372</u>
Total U.S. Department of Health and Human Services			<u>8,349,361</u>
U.S. DEPARTMENT OF ENERGY			
Passed through the Indiana Housing and Community Development Authority (IHCDA):			
Weatherization Assistance for Low-Income Persons	81.042	WX-015-010	56,264
Weatherization Assistance for Low-Income Persons	81.042	WX-016-010	88,055
			<u>144,319</u>
U.S. FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION			
Emergency Food and Shelter	97.024		<u>1,080</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Foster Grandparent Program	94.011	15SF172977	89,300
Foster Grandparent Program	94.011	16SF184530	74,740
			<u>164,040</u>
Total Expenditures of Federal Awards			<u>\$ 10,848,856</u>

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Community Action Program of Evansville and Vanderburgh County, Inc. and is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Energy Assistance Payments

The Energy Assistance Payments expenditures under CFDA Number 93.568 include \$2,377,288 of energy assistance payments that were disbursed by the Indiana Housing and Community Development Authority on behalf of the Organization during the year ended December 31, 2016.

Note 4 - Indirect Cost Rate

Community Action Program of Evansville has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016**

Section II - Financial Statement Findings

There were no financial statement findings for the year ended December 31, 2015.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended December 31, 2015.



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

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

To the Board of Directors
Community Action Program of Evansville and Vanderburgh County, Inc.

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 Community Action Program of Evansville and Vanderburgh County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action Program of Evansville and Vanderburgh County, 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 Community Action Program of Evansville and Vanderburgh County, Inc.'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 organization'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 Community Action Program of Evansville and Vanderburgh County, Inc.'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*.

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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

May 15, 2017



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

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

To the Board of Directors
Community Action Program of Evansville and Vanderburgh County, Inc.

Report on Compliance for Each Major Federal Program

We have audited Community Action Program of Evansville and Vanderburgh County, 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 Community Action Program of Evansville and Vanderburgh County, Inc.'s major federal programs for the year ended December 31, 2016. Community Action Program of Evansville and Vanderburgh County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Action Program of Evansville and Vanderburgh County, 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action Program of Evansville and Vanderburgh County, 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 of Community Action Program of Evansville and Vanderburgh County, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Action Program of Evansville and Vanderburgh County, 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 December 31, 2016.

Report on Internal Control over Compliance

Management of Community Action Program of Evansville and Vanderburgh County, 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 Community Action Program of Evansville and Vanderburgh County, 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 Community Action Program of Evansville and Vanderburgh County, 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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

May 15, 2017

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Type of auditor's report issued: Unmodified

Any audit findings disclosed required to be reported in
Accordance with 2 CFR section 200.516(a) Yes No

Programs tested as major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	U.S. Dept. of Health and Human Services – Head Start Cluster
93.569	U.S. Dept. of Health and Human Services – Community Services Block Grant

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

Auditee qualified as low-risk auditee? Yes No

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

Section II - Financial Statement Findings

There were no financial statement findings for the year ended December 31, 2016.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended December 31, 2016.