

**NORTHEAST MISSOURI
COMMUNITY ACTION AGENCY**
Kirksville, Missouri

Independent Auditors' Report and
Financial Statements with
Supplementary Information
For the Year Ended September 30, 2017

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY
Kirksville, Missouri

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Northeast Missouri Community
Action Agency
Kirksville, Missouri

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Northeast Missouri Community Action Agency (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from 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 Organization'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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northeast Missouri Community Action Agency as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

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 consolidated financial statements. The combining schedule of activities (presented on Pages 16-18) is prepared for additional analysis and is not a required part of the consolidated 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 audit 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 to 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.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary schedules (presented on pages 19-30) are presented for purposes of additional analysis as required by grantors and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2018, on our consideration of Northeast Missouri Community Action Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northeast Missouri Community Action Agency's 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 Northeast Missouri Community Action Agency's internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

May 16, 2018
Chanute, Kansas

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY

Kirksville, Missouri

Consolidated Statement of Financial Position

September 30, 2017

ASSETS

Current Assets:

Cash

Cash in Bank - Unrestricted \$ 29,647.58
Cash in Bank - Restricted 111,079.22

Total Cash 140,726.80

Receivables, Net 125,441.18

Inventory 16,411.28

Total Current Assets 282,579.26

Capital Assets, Net 3,164,727.86

TOTAL ASSETS \$ 3,447,307.12

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities:

Accounts Payable \$ 37,892.78

Accrued Payroll 26,419.68

Accrued Payroll Withholdings 48,226.90

Accrued Annual Leave 42,882.80

Refundable Grant Advances 399.73

Due to Grantor 38,012.42

Tenant Security Deposits 6,958.70

Line of Credit 60,000.00

Current Maturities of Notes Payable (30,878.25)

Total Current Liabilities 229,914.76

Long-Term Liabilities

Notes Payable 558,505.69

Less: Current Maturities of Notes Payable 30,878.25

Total Long-Term Liabilities 589,383.94

TOTAL LIABILITIES 819,298.70

Net Assets:

Unrestricted 379,742.94

Temporarily Restricted 2,248,265.48

TOTAL NET ASSETS 2,628,008.42

TOTAL LIABILITIES AND NET ASSETS \$ 3,447,307.12

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

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY

Kirksville, Missouri

Consolidated Statement of Activities
For the Year Ended September 30, 2017

CHANGES IN NET ASSETS

Unrestricted Net Assets	
Revenues and Gains	
Contributions	\$ 3,772,596.96
Interest	301.23
Program Income	69,584.01
Rental Income	78,211.75
Gain (loss) on Sale of Assets	900.00
Total Revenue and Gains	<u>3,921,593.95</u>
Expenses	
Program Services	
Early Childhood	2,614,966.86
Emergency Services	366,427.79
Weatherization Services	283,516.95
Housing	75,114.53
Community Services	269,876.13
Supporting Activities	
Management and General	441,614.09
Fundraising	5,069.36
Total Expenses	<u>4,056,585.71</u>
Net Assets Released From Restrictions through Satisfaction of Program Restrictions	<u>106,155.51</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(28,836.25)</u>
Temporarily Restricted Net Assets	
Contributions	8,080.28
Net Assets Released From Restrictions Through Satisfaction of Program Restrictions	<u>(106,155.51)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(98,075.23)</u>
Net Increase(Decrease) In Net Assets	(126,911.48)
NET ASSETS, September 30, 2016	<u>2,754,919.90</u>
NET ASSETS, September 30, 2017	<u>\$ 2,628,008.42</u>

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

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY

Kirksville, Missouri

Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2017

	Program Services					Total Program Services
	Early Childhood	Emergency Services	Weatherization Services	Housing	Community Services	
Expenses						
Salaries and Fringe Benefits	\$ 1,474,808.88	\$ 43,358.71	\$ 133,483.83	\$ 32,362.57	\$ 183,533.68	\$ 1,867,547.67
Contractual Services	19,398.25	62.10	13,954.35	3,951.40	229.65	37,595.75
Depreciation Expense	13,248.18	-	9,288.82	-	-	22,537.00
Direct Clent Expense	252,375.19	317,392.41	-	-	19,960.36	589,727.96
Food	439,040.12	-	-	-	-	439,040.12
Insurance Expense	32,085.80	317.37	5,406.27	12,620.58	4,391.74	54,821.76
Interest Expense	35.20	-	-	-	315.76	350.96
Maintenance and Repairs	36,083.16	672.39	2,746.75	11,874.21	2,455.59	53,832.10
Materials	309.50	3.92	90,891.83	7,703.09	258.86	99,167.20
Miscellaneous Expense	6,415.91	(1.61)	47.88	(42.28)	519.15	6,939.05
Occupancy	28,414.95	5.72	14.19	1.98	21.23	28,458.07
Postage and Office Supplies	25,754.90	1,042.66	2,336.56	190.16	9,000.83	38,325.11
Professional Services	6,150.64	75.26	263.42	37.63	17,846.21	24,373.16
Supplies	139,614.89	1,093.30	1,073.91	36.40	684.81	142,503.31
Telephone	27,902.49	1,458.37	3,753.45	970.92	2,874.04	36,959.27
Training	8,516.21	1.53	11,583.93	1,574.71	6,323.16	27,999.54
Travel	50,291.05	431.40	6,307.78	1,592.76	18,336.60	76,959.59
Vehicle Expenses	16,270.59	11.49	392.29	65.06	647.79	17,387.22
Utilities	38,250.95	502.77	1,971.69	2,175.34	2,476.67	45,377.42
Total Expenses	\$ 2,614,966.86	\$ 366,427.79	\$ 283,516.95	\$ 75,114.53	\$ 269,876.13	\$ 3,609,902.26
	Supporting Activities		Total Organization			
	Management and General	Fundraising	Services			
Expenses						
Salaries and Fringe Benefits	\$ 248,545.15	\$ 2,841.10	\$ 2,118,933.92			
Contractual Services	258.64	2.96	37,857.35			
Depreciation Expense	128,251.81	1,466.04	152,254.85			
Direct Clent Expense	255.54	2.92	589,986.42			
Food	71.28	0.81	439,112.21			
Insurance Expense	5,025.17	57.44	59,904.37			
Interest Expense	33,741.38	385.70	34,478.04			
Maintenance and Repairs	2,306.13	26.36	56,164.59			
Materials	973.15	11.12	100,151.47			
Miscellaneous Expense	965.69	11.04	7,915.78			
Occupancy	50.09	0.57	28,508.73			
Postage and Office Supplies	(42.92)	-	38,282.19			
Professional Services	1,952.52	22.32	26,348.00			
Supplies	6,738.24	77.02	149,318.57			
Telephone	4,078.03	46.62	41,083.92			
Training	1,061.50	12.13	29,073.17			
Travel	3,085.16	56.09	80,100.84			
Vehicle Expenses	1,772.58	20.26	19,180.06			
Utilities	2,524.95	28.86	47,931.23			
Total Expenses	\$ 441,614.09	\$ 5,069.36	\$ 4,056,585.71			

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

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY

Kirksville, Missouri

**Consolidated Statement of Cash Flows
For the Year Ended September 30, 2017****CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (126,911.48)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation Expense	152,254.85
(Gain) Loss on Sale of Assets	(900.00)
(Increase) Decrease in Receivables	84,359.48
(Increase) Decrease in Inventory	(9,684.98)
(Increase) Decrease in Prepaid Expense	6,330.81
Increase (Decrease) in Accounts Payable	(11,670.09)
Increase (Decrease) in Accrued Payroll	(25,823.60)
Increase (Decrease) in Accrued Payroll Withholdings	(48,980.49)
Increase (Decrease) in Accrued Annual Leave	585.22
Increase (Decrease) in Refundable Grant Advances	399.73
Increase (Decrease) in Due to Grantor	38,012.42
Increase (Decrease) in Tenant Security Deposits	(136.30)
	<hr/>
Net cash provided by (used in) operating activities	57,835.57

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sale of Asset	900.00
Payments for Capital Assets	(14,078.00)
	<hr/>
Net cash provided by (used in) investing activities	(13,178.00)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payments on Notes Payable	(29,599.45)
Proceeds from Line of Credit	60,000.00
Principal Payments on Line of Credit	(60,000.00)
	<hr/>
Net cash provided by (used in) financing activities	(29,599.45)

Net Increase (Decrease) in Cash and Cash Equivalents 15,058.12

Cash, September 30, 2016

125,668.68

Cash, September 30, 2017

\$ 140,726.80

Supplementary Information

Cash Paid During the Period for:

Interest Expense

\$ 32,362.98

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

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY

Kirksville, Missouri

Notes to the Consolidated Financial Statements
September 30, 2017

1. NATURE OF ACTIVITIES

Northeast Missouri Community Action Agency (the "Organization") is a nonprofit organization established in 1965 which serves the economically and socially disadvantaged persons in five counties of Adair, Clark, Knox, Schuyler, and Scotland. The consolidated financial statements include the accounts of Northeast Missouri Community Development Corporation. The affiliated organization is reported separately to emphasize that it is legally separate from the Organization. The affiliated organization can sue and be sued, and can buy, sell, or lease real property. Separate financial statements are not prepared for NMCDC.

The Organization provides services to stimulate a better focusing of all available local, state, federal and private resources upon the goal of enabling low income families and individuals to attain the skills, knowledge, motivations and to secure the opportunities needed for them to become more fully self sufficient. The Organization administers the following major sources of revenue to meet the needs of the area it serves: Head Start Programs, Low-Income Home Energy Assistance Programs, Energy Crisis Intervention Program, Community Services Block Grant Programs, and others. The following is a description of the program services:

Early Childhood – Provides quality child and family services for children 0 – 5 years old.

Emergency Services – Helps low-income individuals and families with the payment of utility bills.

Community Services – Provides a variety of services to help support low-income individuals and families.

Weatherization Services – Weatherizes homes so they are more energy efficient.

Housing – Provides safe and affordable housing for low-income individuals and families.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's program policy is to prepare its financial statements on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Assets are recorded at cost when purchased, or in the case of gifts, at fair value at the date of the gift. Investments are valued at fair value for financial statement presentation.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid instruments with a maturity of three months or less when acquired.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is based upon management's evaluation of outstanding grant receivables and other receivables at the end of the year.

Income Taxes

The Organization is exempt from Federal income taxes under IRS Code Section 501(c)3. 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).

Inventory

Inventory consist of weatherization materials and work in process and are valued at cost, using the first-in, first-out method (FIFO).

Capital Assets

It is the Organization's policy to capitalize capital assets with a useful life of more than one year and a value over \$5,000.00. Capital assets are stated at cost, if purchased, and at fair value at the date of donation, if donated. Such items acquired under grants from Federal and state sources are considered to be owned by the Organization while used in the programs for which they are purchased or in programs authorized in the future. However, the funding source has a reversionary interest in the property. Property and equipment purchased or donated to the corporate account are depreciated based on estimated useful lives using the straight-line method as follows:

Equipment	3-7 Years
Vehicles	5 Years
Buildings and Improvements	15-40 Years

Net Assets

The Organization's net assets are classified as follows:

Unrestricted net assets: Unrestricted net assets represent those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transaction are included as well as resources derived from gifts and contributions. These resources are used at the discretion of the governing board to meet current expenses for any purpose.

Temporarily restricted net assets: Temporarily restricted net assets consist of those net assets whose use by the Organization has been limited by donors to later periods of time or after specified dates or to specified purposes.

Permanently restricted net assets: Permanently restricted net assets consist of funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the donor restrictions. If a restriction is satisfied in the same period the contribution is received, the contribution is reported as unrestricted.

In-Kind Goods/Services

The Organization receives donated goods and services as part of its programs. In-kind contributions are shown both as support and expenditures in these programs, and are recorded at the fair value of the goods or services at the time of donation. Amounts included are only those allowable under generally accepted accounting principles.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Allocated Costs

The Organization allocates its expenses on a functional basis among its various programs and support activities. Expenses that can be identified with a specific program and support activity are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated using various allocation methods.

3. CONCENTRATION OF CREDIT RISK

At year-end, the carrying amount of the Organization's deposits including certificates of deposit was \$140,726.80. The bank balance was held at two banks and the Missouri Housing Development Corporation resulting in a concentration of credit risk. The bank balance was \$184,049.18. Of the bank balance, \$122,169.96 was covered by FDIC insurance and \$61,879.22 was held in escrow by the Missouri Housing Development Commission.

4. RECEIVABLES, NET

Receivables at September 30, 2017, consist of amounts due as follows:

Head Start – Federal	\$	12,070.96
Early Head Start-State		14,981.49
Early Head Start-Federal		6,122.16
Head Start Dosage and Duration		1,401.00
Child and Adult Care Food Program		14,869.81
Family Day Care Homes		30,071.75
LIHEAP Weatherization Grant		486.00
Community Services Block Grant		25,684.01
Weatherization		<u>19,754.00</u>
Total Receivables, Net	\$	<u>125,441.18</u>

All receivables at September 30, 2017, are considered collectible. Accordingly, the allowance for uncollectibility is zero.

5. INVENTORY

Inventory consists of the following at September 30, 2017:

Weatherization Materials	\$	9,503.96
Weatherization Labor		<u>6,880.32</u>
Total	\$	<u>16,411.28</u>

6. CAPITAL ASSETS

Following are the changes in capital assets for the year ended September 30, 2017:

	Balance			Balance
	9/30/2016	Additions	Retirements	9/30/2017
Capital Assets not being depreciated				
Land	\$ 168,727.54	\$ -	\$ -	\$ 168,727.54
Total Capital Assets not being depreciated	<u>168,727.54</u>	<u>-</u>	<u>-</u>	<u>168,727.54</u>
Other Capital Assets				
Buildings and Improvements	4,241,097.36	6,675.00	-	4,247,772.36
Equipment	21,218.02	-	-	21,218.02
Vehicles	399,899.98	7,403.00	(21,952.00)	385,350.98
Total Other Capital Assets	<u>4,662,215.36</u>	<u>14,078.00</u>	<u>(21,952.00)</u>	<u>4,654,341.36</u>
Accumulated Depreciation	<u>(1,528,038.19)</u>	<u>(152,254.85)</u>	21,952.00	<u>(1,658,341.04)</u>
Net Capital Assets	<u>\$ 3,302,904.71</u>	<u>\$ (138,176.85)</u>	<u>\$ -</u>	<u>\$ 3,164,727.86</u>

7. RESTRICTED CASH IN BANK

In accordance with the USDA Rural Development loan agreement, the Organization must make minimum contributions monthly into a debt service reserve account and a replacement and extension account. The following is a list of required transfers and actual balance:

	Monthly Transfer	Required Reserve
WayLand Head Start	\$ 140.00	\$ 16,700.00
Memphis Head Start	159.00	19,000.00
Glenwood & Edina Head Start	<u>112.50</u>	<u>13,500.00</u>
	411.50	49,200.00

In accordance with the Missouri Housing Development Commission (MHDC) loan agreements, the Organization must maintain escrow accounts for insurance, property taxes, and future repairs and maintenance expenses. MHDC was holding 7 separate escrow accounts with a total balance \$61,879.22.

8. NOTES PAYABLE

The Organization signed an agreement dated August 15, 2009, with Bank of Kirksville, Kirksville, Missouri, to roll a construction loan of the Kirksville Main office to a permanent payment loan which requires 240 monthly payments of \$2,423.71, payable through September 15, 2029, including interest at rates varying from 6.00% to 11.50%. This note is secured with the building constructed. The balance on this note at September 30, 2017, is \$240,723.62.

The Organization signed an agreement dated October 23, 2007, with USDA Rural Development, to purchase and renovate a building in Wayland, Missouri, to be used as Head Start classrooms. The note is payable annually with 4.125% interest, payable through November 23, 2037. The promissory note is secured by the building. The balance on the note at September 30, 2017, is \$131,514.73.

The Organization signed an agreement dated August 28, 2005, with USDA Rural Development, to purchase and renovate a building in Memphis, Missouri, to be used as Head Start classrooms. The note is payable annually with 4.250% interest, payable through September 28, 2035. The promissory note is secured by the building. The balance on the note at September 30, 2017, is \$116,755.33.

The Organization signed an agreement dated February 24, 1999, with USDA Rural Development, to purchase and renovate buildings in Glenwood, Missouri and Edina, Missouri, to be used as Head Start classrooms. The note is payable annually with 4.750% interest, payable through March 24, 2029. The promissory note is secured by the building. The balance on the note at September 30, 2017, is \$69,812.01.

The following is a summary of changes in notes payable for the year ended September 30, 2017:

	Principal September 30, 2016	Principal Received (Paid)	Principal September 30, 2017	Interest Paid
Obligations:				
Kirksville Office	\$ 254,298.54	\$ (13,574.92)	\$ 240,723.62	\$ 14,624.12
Wayland HS	135,521.79	(4,307.06)	131,214.73	5,508.94
Memphis HS	123,376.44	(6,621.11)	116,755.33	5,114.89
Glenwood & Edina HS	<u>74,908.37</u>	<u>(5,096.36)</u>	<u>69,812.01</u>	<u>3,447.64</u>
	<u>\$ 588,105.14</u>	<u>\$ (29,599.45)</u>	<u>\$ 558,505.69</u>	<u>\$ 28,695.59</u>

8. NOTES PAYABLE (Continued)

The schedule of maturities of notes payable is as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2018	\$ 30,878.25
2019	32,497.79
2020	34,204.61
2021	36,003.56
2022	37,899.70
2023-2027	221,737.76
2028-2032	125,298.36
2033-2037	<u>39,985.66</u>
Total	<u>\$ 558,505.69</u>

9. LINE OF CREDIT

The Organization has obtained a line of credit with Bank of Kirksville, Kirksville, Missouri for operating expenses. The note is due August 16, 2018, including interest of 5.750%. The balance on the note at September 30, 2017 is \$60,000.00 and interest paid during the fiscal year ended September 30, 2017 was \$3,667.39.

10. REFUNDABLE GRANT ADVANCES/DUE TO GRANTOR

Refundable grant advances at September 30, 2017, consist of conditional contributed grant funds received in excess of expenditures in the following programs:

Head Start	\$ 38,012.42
DOE	<u>399.73</u>
	<u>\$ 38,412.15</u>

11. OPERATING LEASES

As of September 30, 2017, the Organization has entered into a number of operating leases for various office equipment and space. Total payments for the year ended September 30, 2017, were \$41,563.68. Under the current lease agreements, the future minimum lease rentals are as follows:

2018	\$ 13,146.48
2019	11,209.40

12. COMPENSATED ABSENCES

Employees earn annual leave based upon the number of years of service.

<u>Completed Years of Service</u>	<u>Rate of Annual Leave</u>
Less than 5 years	.0577/hour
6 – 10 years	.06635/hour
11 years and more	.0750/hour

A maximum of 60 hours of annual leave may be carried over into the next program year. Any annual leave over 60 hours not used by the end of the program year will be forfeited.

13. COMPENSATED ABSENCES (Continued)

Employees accrue sick leave at a rate of .04615 per hour worked. Employees may accumulate up to 320 hours of sick leave. Accumulated sick leave is not paid to terminated employees.

The Organization determines a liability for compensated absences when the following conditions are met:

1. The Organization’s obligation relating to employees’ rights to receive compensation for future absences is attributable to employee services already rendered;
2. The obligation relates to rights that vest or accumulate;
3. Payment of the compensation is probable; and
4. The amount can be reasonably estimated and is material to the financial statements.

In accordance with the above criteria, the Organization has accrued a liability for annual leave which has been earned, but not taken, by Organization employees; however, the Organization has not accrued a liability for sick leave earned, but not taken, by Organization employees, in accordance with guidance provided by FASB ASC 710-10-25-7, the amounts cannot be reasonably estimated at this time.

14. EMPLOYEE BENEFIT PLANS

The Organization participates in a 403(b) plan available for its employees. An employee is eligible after 90 days of full-time service. The Organization contributes 1% of the employees gross pay from the point of eligibility to five years of service, from five years to ten years of service the Organization contributes 2% of the employee’s gross pay, and after ten years of service the Organization contributes 3% of the employee’s gross pay. Total contributions made by the Organization into the plan on behalf of the employees for the year ended September 30, 2017 was \$22,295.45.

15. TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted Net Assets consist of donations received and are restricted to use and time are presented by program and/or asset as follows:

Liberty Utility Donations	\$ 18,534.07
Lewis Co REC Donations	11,531.05
Central Office Gift Fund	(378.45)
Head Start – Donations	1,746.79
Kahoka 2 Duplexes Net Book Value (Restrictions Expire November 21, 2023)	245,138.50
Kirksville 2 Single Family Homes Net Book Value (Restrictions Expire September 11, 2027)	232,393.33
Edina 1 Single Family Homes Net Book Value (Restrictions Expire August 20, 2028)	138,749.86

16. TEMPORARILY RESTRICTED NET ASSETS (Continued)

Kahoka 2 Single Family Homes Net Book Value (Restrictions Expire August 20, 2028)	\$ 275,016.25
Memphis 4 Single Family Homes Net Book Value (Restrictions Expire October 26, 2030)	488,611.11
Woodridge 3 Single Family Homes Net Book Value (Restrictions Expire September 12, 2032)	486,183.33
Lancaster Single Family Homes Net Book Value (Restrictions Expire September 2, 2035)	<u>350,739.64</u>
Total Temporarily Restricted Net Assets	<u>\$ 2,248,265.48</u>

17. IN-KIND CONTRIBUTIONS

Under the grant agreements, the Organization (grantee) receives a percentage of total estimated project funds from the Federal government. The balance of the project funds is contributed to the Organization from non-Federal sources in the form of “in-kind” contributions of services or property from the Organization, delegated agencies, the community, or non-Federal governmental organizations. The services and goods donated are valued according to the grant guidelines. In-kind revenues and in-kind expenses that are allowable under generally accepted accounting principles (GAAP) have been recognized in the financial statements.

Head Start	Non-professional Volunteers	\$ 535,713.53
	Professional Volunteers	24,982.39
	Space	148.00
	Travel	22,189.86
	Supplies	<u>60,696.07</u>
	Total Program In-Kind	643,729.85
	Non-GAAP	<u>(535,713.53)</u>
	Total In-Kind	<u>\$ 108,016.32</u>

18. REAL ESTATE JOINT VENTURES

The Organization is involved in one real estate joint venture and Northeast Missouri Community Development Corporation (NMCDC) is involved in two real estate joint ventures. All joint ventures are for affordable housing development projects in their service area. The Organization and NMCDC ownership interest is .01% in two of the properties and .0051% in one of the properties. The original capital contributions ranged from \$5.00 to \$100.00 at the initial startup time. Federal and state grants and tax credits, permanent loan financing, and the capital contributions of the limited partners financed a significant portion of each of the project’s total cost.

The primary reason for admission of the Organization and Northeast Missouri Community Development Corporation (a related entity) as a general partner in these real estate joint ventures is to qualify the projects for federal and state grants, tax credits, and permanent financing which are favorable to the development of the low income housing projects. While the Organization and Northeast Missouri Community Development Corporation (a related entity) have an ownership interest in these real estate joint ventures, the financial nature of these interests are de minimis and are, therefore, not reported in the financial statements.

19. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

20. CONCENTRATION OF RISK

Most of the Organization's revenues are in the form of grants from federal and state sources. The Organization's ability to continue operations if the grant programs were lost or canceled is unknown.

21. SUBSEQUENT EVENTS

The Organization evaluated events and transactions occurring subsequent to September 30, 2016, through May 16, 2018, the date the financial statements were available to be issued. During this period, there were no subsequent events requiring recognition in the financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY

Combining Schedule of Activities

For the Year Ended September 30, 2017

Program Code CFDA No.	Head Start - Federal		Head Start - State		Early Head Start - Federal		Early Head Start - State		Early Head Start - State		Child Care Food Program		Family Day Care Homes		Child Care		
	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	004	10.558	005	10.558	214	N/A	
	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood	
Revenues and Gains																	
Contributions																	
Grant Revenue - Federal	\$ 1,427,885.47	\$ 224,024.46	\$ 304,607.90	\$ 56,973.88	\$ 115,199.86	\$ 43,022.44	\$ 5,301.00	\$ 128,316.12	\$ 353,889.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Grant Revenue - State	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Local - Non-Cash	525,045.91	21,070.14	90,350.51	6,288.29	-	-	975.00	-	45,446.00	-	-	-	-	-	-	-	
Local	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Indirect Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Program Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69,091.11	
Total Revenues and Gains	1,952,931.38	245,094.60	394,958.41	63,262.17	115,199.86	43,022.44	6,276.00	128,316.12	399,335.93	-	-	-	-	-	-	69,091.11	
Expenses																	
Salaries and Fringe Benefits	982,037.39	158,637.39	166,861.02	32,526.84	28,730.34	14,090.91	975.00	29,846.60	35,169.72	-	-	-	-	-	-	1,926.28	
Salaries and Fringe Benefits Non-Cash	456,794.43	15,067.56	83,307.99	4,550.94	-	-	-	-	-	-	-	-	-	-	-	-	
Contractual Services	10,783.32	232.50	2,380.67	680.41	-	-	5,275.00	-	46.35	-	-	-	-	-	-	-	
Depreciation Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Direct Client Expense	39,024.00	7,057.95	91,070.29	10,684.00	78,228.95	26,310.00	-	-	-	-	-	-	-	-	-	-	
Food	286.68	156.19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Indirect Expense	158,108.02	25,540.62	26,864.62	5,236.82	4,625.58	2,268.64	-	84,707.32	353,889.93	-	-	-	-	-	-	-	
Insurance Expense	25,194.43	-	6,569.00	-	-	-	-	4,805.30	5,662.32	-	-	-	-	-	-	310.13	
Interest Expense	-	35.20	-	-	-	-	-	5.00	317.37	-	-	-	-	-	-	-	
Maintenance and Repairs	26,390.14	5,299.68	(449.34)	4,206.77	56.85	-	-	-	-	-	-	-	-	-	-	-	
Materials	0.38	-	7.69	-	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Expense	4,360.86	1,253.24	666.54	72.80	-	-	-	0.13	2.79	-	-	-	-	-	-	299.00	
Occupancy	58,268.42	6,953.84	51.66	-	700.72	127.30	-	0.09	2.38	-	-	-	-	-	-	60.00	
Occupancy Non-Cash	93.00	30.00	20.00	-	-	-	-	0.20	304.11	-	-	-	-	-	-	-	
Postage and Office Supplies	16,810.71	5,693.33	1,246.40	878.32	-	-	-	-	-	-	-	-	-	-	-	-	
Professional Services	6,075.38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Supplies	53,392.84	7,222.13	1,574.06	1,312.71	1,909.75	60.25	-	8,496.33	75.26	-	-	-	-	-	-	4,950.75	
Supplies Non-Cash	48,921.95	4,846.62	5,520.01	1,407.49	-	-	-	-	-	-	-	-	-	-	-	-	
Telephone	21,582.94	2,992.00	1,992.92	441.41	-	-	-	-	-	-	-	-	-	-	-	-	
Training	3,751.16	847.20	3,027.02	389.30	500.00	-	-	-	871.36	-	-	-	-	-	-	-	
Travel	24,515.71	5,680.78	1,870.88	84.44	405.43	-	-	-	1.53	-	-	-	-	-	-	-	
Travel Non-Cash	19,236.53	1,125.96	1,502.51	324.86	-	-	-	-	2,439.43	-	-	-	-	-	-	-	
Vehicle Expenses	16,044.15	217.82	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Utilities	33,862.48	2,304.30	894.32	460.06	42.24	165.34	-	0.44	8.18	-	-	-	-	-	-	-	
Operating Transfer To (From)	(52,603.54)	(6,099.71)	(19.85)	-	-	-	-	-	(1,456.86)	-	-	-	-	-	-	-	
Total Expenses	1,952,931.38	245,094.60	394,958.41	63,262.17	115,199.86	43,022.44	6,276.00	128,316.12	399,335.93	-	-	-	-	-	-	61,544.95	
Increase (Decrease) in Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
NET ASSETS, Beginning of Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
NET ASSETS, End of the Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,544.95	

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY

Combining Schedule of Activities (Continued)

For the Year Ended September 30, 2017

Program Code CFDA No.	Head Start Donations	LIHEAP - Energy Assistance	Utilicare LIHEAP	Liberty Utility Donations	Lewis Co REC Donations	Liberty Energy Assistance	Weatherization Assistance -		Weatherization Assistance - DOE	Weatherization Assistance - DOE	Weatherization Assistance - DOE	Weatherization Assistance - DOE	Weatherization Assistance - DOE
							2016/2017	2017/2018					
	400	019	044	024	040	038	106	006	039	016			
	N/A	93.568	N/A	N/A	N/A	N/A	81.042	81.042	93.568	N/A			
		Emergency Services	Emergency Services	Emergency Services	Emergency Services	Weatherization Services	Weatherization Services	Weatherization Services	Weatherization Services	Weatherization Services	Weatherization Services	Weatherization Services	Weatherization Services
	\$ -	\$ 322,238.00	\$ -	\$ -	\$ -	\$ 9,994.72	\$ 94,172.04	\$ 32,687.27	\$ 117,301.00	\$ -	\$ -	\$ 26,022.00	
Revenues and Gains													
Contributions													
Grant Revenue - Federal			36,491.00										
Grant Revenue - State													
Local - Non-Cash													
Local	1,746.30			2,333.98	4,000.00								
Interest													
Indirect Income													
Program Income													
Rental Income													
Gain (Loss) on Sale of Assets													
Total Revenues and Gains	1,746.30	322,238.00	36,491.00	2,333.98	4,000.00	9,994.72	94,172.04	32,687.27	117,301.00			26,022.00	
Expenses													
Salaries and Fringe Benefits		41,369.71	1,989.00			4,388.43	43,338.16	12,992.84	59,783.63			12,980.77	
Salaries and Fringe Benefits Non-Cash													
Contractual Services		62.10				590.00	4,314.35	2,583.00	4,967.00			1,500.00	
Depreciation Expense													
Direct Client Expense		269,600.13	32,842.00	6,718.17	8,232.11								
Food													
Indirect Expense		6,660.52	320.23			706.54	6,977.44	2,091.85	9,625.16			2,089.90	
Insurance Expense		317.37				1,310.00	1,746.27	1,333.00	1,017.00				
Interest Expense													
Maintenance and Repairs		672.39					1,661.87	57.06	710.79			16.50	
Materials	(0.49)	3.92					37,000.47	10,103.04	34,611.94			5,728.17	
Miscellaneous Expense		(1.61)					37.74		6.00				
Occupancy		330.33					(208.69)	297.36	297.36			559.00	
Occupancy Non-Cash													
Postage and Office Supplies		1,042.66					1,812.89	145.87	118.86			258.94	
Professional Services		75.26					222.89	40.53					
Supplies		173.30	920.00			317.00	(242.83)	103.33	574.41			322.00	
Supplies Non-Cash													
Telephone		1,458.37					462.38	608.47	1,002.37			1,400.06	
Training		1.53					10,324.43	1,129.25	(69.75)				
Travel		11.63	419.77				3,958.07	796.32	762.70			809.39	
Travel Non-Cash													
Vehicle Expenses		11.49					344.29					36.00	
Utilities		502.77				226.00	61.09	405.35	3,893.53			320.57	
Operating Transfer To (From)		(53.87)				(17,638.78)							
Total Expenses	(0.49)	322,238.00	36,491.00	6,718.17	8,232.11	9,994.72	94,172.04	32,687.27	117,301.00			26,022.00	
Increase (Decrease) in Net Assets	1,746.79	-	-	(4,384.19)	(4,232.11)	-	-	-	-	-	-	0.70	
NET ASSETS, Beginning of Year	-	-	-	22,918.26	15,763.16	-	-	-	-	-	-	-	-
NET ASSETS, End of the Year	\$ 1,746.79	\$ -	\$ -	\$ 18,534.07	\$ 11,531.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.70	

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY

Combining Schedule of Activities (Continued)

For the Year Ended September 30, 2017

Program Code CFDA No.	Weatherization Assistance - DOE		Housing Development		Rental Properties		Community Services Block Grant		Central Office Gift Fund		Indirect Cost		Organization Wide		Totals	
	037	N/A	300	N/A	340	N/A	020	052	010-990	012	N/A	012	N/A	Wide	N/A	Totals
	Weatherization Services		Housing		Housing		Community Services		Mgt & General		Mgt & General		Mgt & General		Housing	
Revenues and Gains																
Contributions																
Grant Revenue - Federal	\$	-	\$	-	\$	-	\$	309,406.69	\$	-	\$	-	\$	3,376,803.76	\$	3,376,803.76
Grant Revenue - State		1,788.30		-		-		-			-			232,518.32		232,518.32
Local - Non-Cash		-		-		-		-			-			643,729.85		108,016.32
Local		-		-		450.00		-			-			63,338.84		63,338.84
Interest		-		-		-		-			-			301.23		301.23
Indirect Income		-		-		-		-			296,652.99			296,652.99		(296,652.99)
Program Income		-		2.90		490.00		-			-			69,584.01		69,584.01
Rental Income		-		-		78,181.00		-			-			145,400.76		78,211.75
Gain (Loss) on Sale of Assets		-		-		-		-			900.00			900.00		900.00
Total Revenues and Gains	1,788.30		2.90		79,121.00		309,406.69		77,783.55		296,652.99		4,829,229.76		(899,555.53)	3,929,674.23
Expenses																
Salaries and Fringe Benefits		-	4,984.88		27,377.69		183,533.68		9,491.49		241,894.76		2,093,951.53		-	2,093,951.53
Salaries and Fringe Benefits Non-Cash		-	-		-		-		-		-		560,695.92		-	24,982.39
Contractual Services		-	26.40		3,925.00		229.65		-		261.60		37,857.35		(535,713.53)	37,857.35
Depreciation Expense		-	-		-		-		152,254.85		-		152,254.85		-	152,254.85
Direct Client Expense		-	-		-		19,960.36		42.36		216.10		589,986.42		-	589,986.42
Food		-	-		-		-		72.09		-		439,112.21		-	439,112.21
Indirect Expense		-	802.57		4,407.81		29,548.92		-		2,610.65		296,652.99		(296,652.99)	-
Insurance Expense		-	160.21		12,460.37		4,391.74		2,471.96		-		59,904.37		-	59,904.37
Interest Expense		-	-		-		315.76		34,127.08		-		34,478.04		-	34,478.04
Maintenance and Repairs		-	552.06		11,322.15		2,455.59		6.32		2,326.17		56,164.59		-	56,164.59
Materials		1,327.64	5,561.48		2,141.61		258.86		967.53		16.74		100,151.47		-	100,151.47
Miscellaneous Expense		4.14	2.72		(45.00)		519.15		306.86		549.88		7,915.78		-	7,915.78
Occupancy		-	1.98		-		6,994.28		4.99		3,450.77		78,133.63		-	25,425.88
Occupancy Non-Cash		-	-		-		-		-		-		148.00		-	148.00
Postage and Office Supplies		-	121.62		68.54		9,000.83		1,832.27		(1,875.19)		38,282.19		-	38,282.19
Professional Services		-	37.63		-		17,846.21		1,448.00		526.84		26,348.00		-	26,348.00
Supplies		-	36.40		-		684.81		68.71		6,746.55		88,622.50		-	88,622.50
Supplies Non-Cash		-	-		-		-		-		-		60,696.07		-	60,696.07
Telephone		256.52	524.13		446.79		2,874.04		5.00		4,119.65		41,083.92		-	41,083.92
Training		200.00	542.50		1,032.21		6,323.16		-		1,073.63		29,073.17		-	29,073.17
Travel		-	1,786.09		1,736.90		21,918.49		3,146.09		1,816.62		72,392.24		(14,481.26)	57,910.98
Travel Non-Cash		-	-		-		-		-		-		22,189.86		-	22,189.86
Vehicle Expenses		-	23.31		41.75		647.79		1,552.78		240.06		19,180.06		-	19,180.06
Utilities		-	361.23		1,814.11		2,476.67		64.23		2,489.58		50,866.08		-	50,866.08
Operating Transfer To (From)		-	17,638.78		-		(573.30)		(30,926.40)		30,188.58		-		-	-
Total Expenses	1,788.30		33,163.99		66,729.93		309,406.69		119.99		296,652.99		4,956,141.24		(899,555.53)	4,056,585.71
Increase (Decrease) in Net Assets		-	(33,161.09)		12,391.07		-		(119.99)		-		(126,911.48)		-	(126,911.48)
NET ASSETS, Beginning of Year		-	(57,346.53)		353,523.45		-		(258.46)		-		2,754,919.90		-	2,754,919.90
NET ASSETS, End of the Year	\$	-	\$ (90,507.62)	\$	\$ 365,914.52	\$	\$ -	\$ (378.45)	\$ 2,321,167.36	\$	\$ -	\$ -	\$ 2,628,008.42	\$	\$ -	\$ 2,628,008.42

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY

Kirksville, Missouri

COMMUNITY SERVICES BLOCK GRANT PROGRAM

GRANT NO. PG281700013

Program Year Ended September 30, 2017

Schedule of Revenue and Expenses

	<u>Total Grant</u>
Beginning CSBG Residual Receipts	\$ -
Revenue	
Grant Revenue-CSBG	309,406.70
Other Income	-
Total Revenue	<u>309,406.70</u>
Expenditures	
Indirect	29,519.35
Personnel Salaries and Wages	134,952.28
Employee Benefits	48,397.75
Direct Client Benefits	6,766.17
Program Services	17,438.88
Contracts and Consulting	17,729.65
Travel	21,918.49
Training and Staff Development	2,976.86
Rent/Space	7,108.91
Utilities	2,476.67
Insurance	4,391.74
Office Supplies	7,722.57
Equipment	-
Communications	2,874.04
Vehicle Repairs and Maintenance	647.79
Other - Advertising	4,485.55
Subtotal Operating Expenses	<u>309,406.70</u>
Leveraging - Head Start	
Leveraging - Corporate	
Subtotal Leveraging	<u>-</u>
Total Expenditures	<u>309,406.70</u>
Revenue over(under) Expense	<u>-</u>
Ending CSBG Residuals	<u>\$ -</u>

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY

Kirksville Missouri

Low Income Home Energy Assistance Program

GRANT NO. ER11017014

Schedule of Revenue and Expenses Compared with Budget

Program Year Ended September 30, 2017

Revenue			Variable Favorable (Unfavorable)
Grant Revenue - LIHEAP	Budget	Actual	
Special Start-up	\$ -	\$ -	\$ -
Current (initial + amendments)	322,238.00	322,238.00	-
Interest	-	-	-
Total Revenue	<u>322,238.00</u>	<u>322,238.00</u>	<u>-</u>
Expenditures			
Administrative/Program Services			
Personnel	36,556.58	41,346.61	(4,790.03)
Contracting/Consulting	120.00	62.10	57.90
Travel/Training	2,400.00	24.74	2,375.26
Rent/Fuel/Utilities	960.00	806.05	153.95
Insurance	1,960.00	317.37	1,642.63
Equipment	-	-	-
Supplies	2,415.81	1,270.76	1,145.05
Communication Services	1,200.00	1,458.37	(258.37)
Repair & Maintenance	420.00	674.26	(254.26)
Other-Vehicle Repair and Maintenance	2,800.00	20.81	2,779.19
Indirect Cost	5,885.61	6,656.80	(771.19)
Total Administrative/Program Services	<u>54,718.00</u>	<u>52,637.87</u>	<u>2,080.13</u>
ECIP Direct Services			
Winter	208,666.00	207,330.50	1,335.50
Summer	58,854.00	60,189.50	(1,335.50)
Total ECIP Direct Services	<u>267,520.00</u>	<u>267,520.00</u>	<u>-</u>
Outreach & Education			
Outreach and Education	-	2,080.13	(2,080.13)
Total Outreach & Education	<u>-</u>	<u>2,080.13</u>	<u>(2,080.13)</u>
Total Expenditures	<u>322,238.00</u>	<u>322,238.00</u>	<u>-</u>
Revenue over (under) Expenditures	-	-	-
Transfer from CSBG	-	-	-
Ending Program Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTHEAST MISSOURI COMMUNITY ACTION AGENCY
DOE
Subgrant Number: G-16-EE0006164-4-15
RECONCILIATION OF REVENUES AND EXPENSES
FOR THE PERIOD OF July 1, 2016 to June 30, 2017**

DIVISION OF ENERGY**SUBGRANTEE**

Beginning Fund Balance	0	Beginning Fund Balance	0
Revenue		Revenue	
Grant Income	117,292	Grant Income	117,292
Program Income	0	Program Income	0
Total Revenue	117,292	Total Revenue	117,292
<u>Expenditures</u>		<u>Expenditures</u>	
Administration	7,858	Administration	7,858
Insurance	554	Insurance	554
Financial Audit	0	Financial Audit	0
Leveraging	0	Leveraging	0
T&TA	9,518	T&TA	9,518
Program Operations	99,362	Program Operations	99,362
Total Expenditures	117,292	Total Expenditures	117,292
Ending Fund Balance	0	Ending Fund Balance	0
		Ending Cash on Hand	0
		Ending Inventory	0

**NORTHEAST MISSOURI COMMUNITY ACTION AGENCY
DOE
Subgrant Number: G-17-EE0007930-15**

**RECONCILIATION OF REVENUES AND EXPENSES
FOR THE PERIOD OF July 1, 2017 to September 30, 2017**

DIVISION OF ENERGY		SUBGRANTEE	
Beginning Fund Balance	0	Beginning Fund Balance	0
Revenue		Revenue	
Grant Income	33,087	Grant Income	32,687
Program Income	0	Program Income	0
Total Revenue	33,087	Total Revenue	32,687
<u>Expenditures</u>		<u>Expenditures</u>	
Administration	2,230	Administration	2,230
Insurance	1,333	Insurance	1,333
Financial Audit	0	Financial Audit	0
Leveraging	0	Leveraging	0
T&TA	764	T&TA	764
Program Operations	28,760	Program Operations	28,360
Total Expenditures	33,087	Total Expenditures	32,687
Ending Fund Balance	0	Ending Fund Balance	0
		Ending Cash on Hand	0
		Ending Inventory	0

Subgrantee amounts differ from Energy Center due to generally accepted accounting principles accrual accounting adjustments, amounts reported were accurate and support was available at time of filing and unbilled administrative and support services.

**NORTHEAST MISSOURI COMMUNITY ACTION AGENCY
Ameren Electric
Subgrant Number: G16-14-0258-1-15**

**RECONCILIATION OF REVENUES AND EXPENSES
FOR THE PERIOD OF November 1, 2015 to October 31, 2016**

DIVISION OF ENERGY

Beginning Fund Balance 0

Revenue

Grant Income 26,603

Program Income 0

Total Revenue 26,603

Expenditures

Administration 2,554

Insurance 1,795

Financial Audit 0

Leveraging 0

T&TA 0

Program Operations 22,254

Total Expenditures 26,603

Ending Fund Balance 0

SUBGRANTEE

Beginning Fund Balance 0

Revenue

Grant Income 26,603

Program Income 0

Total Revenue 26,603

Expenditures

Administration 2,554

Insurance 1,795

Financial Audit 0

Leveraging 0

T&TA 0

Program Operations 22,254

Total Expenditures 26,603

Ending Fund Balance 0

Ending Cash on Hand 0

Ending Inventory 0

**NORTHEAST MISSOURI COMMUNITY ACTION AGENCY
Ameren Electric
Subgrant Number: G17-14-0258-2-15**

RECONCILIATION OF REVENUES AND EXPENSES

FOR THE PERIOD OF November 1, 2016 to September 30, 2017

DIVISION OF ENERGY

Beginning Fund Balance 0

Revenue

Grant Income 26,022

Program Income 0

Total Revenue 26,022

Expenditures

Administration 2,322

Insurance 0

Financial Audit 0

Leveraging 0

T&TA 0

Program Operations 23,700

Total Expenditures 26,022

Ending Fund Balance 0

SUBGRANTEE

Beginning Fund Balance 0

Revenue

Grant Income 26,022

Program Income 0

Total Revenue 26,022

Expenditures

Administration 2,322

Insurance 0

Financial Audit 0

Leveraging 0

T&TA 0

Program Operations 23,700

Total Expenditures 26,022

Ending Fund Balance 0

Ending Cash on Hand 0

Ending Inventory 0

**NORTHEAST MISSOURI COMMUNITY ACTION AGENCY
Liberty Utilities
Subgrant Number: G16-14-0152-1-15**

**RECONCILIATION OF REVENUES AND EXPENSES
FOR THE PERIOD OF November 1, 2015 to October 31, 2016**

DIVISION OF ENERGY

Beginning Fund Balance 0

Revenue

Grant Income 9,731

Program Income 0

Total Revenue 9,731

Expenditures

Administration 973

Insurance 100

Financial Audit 0

Leveraging 0

T&TA 0

Program Operations 8,658

Total Expenditures 9,731

Ending Fund Balance 0

SUBGRANTEE

Beginning Fund Balance 0

Revenue

Grant Income 9,731

Program Income 0

Total Revenue 9,731

Expenditures

Administration 973

Insurance 100

Financial Audit 0

Leveraging 0

T&TA 0

Program Operations 8,658

Total Expenditures 9,731

Ending Fund Balance 0

Ending Cash on Hand 0

Ending Inventory 0

**NORTHEAST MISSOURI COMMUNITY ACTION AGENCY
Liberty Utilities
Subgrant Number: G17-14-0152-2-15**

RECONCILIATION OF REVENUES AND EXPENSES

FOR THE PERIOD OF November 1, 2016 to September 30, 2017

DIVISION OF ENERGY

Beginning Fund Balance 0

Revenue

Grant Income 9,734

Program Income 0

Total Revenue 9,734

Expenditures

Administration 971

Insurance 1,000

Financial Audit 0

Leveraging 0

T&TA 0

Program Operations 7,763

Total Expenditures 9,734

Ending Fund Balance 0

SUBGRANTEE

Beginning Fund Balance 0

Revenue

Grant Income 9,734

Program Income 0

Total Revenue 9,734

Expenditures

Administration 971

Insurance 1,000

Financial Audit 0

Leveraging 0

T&TA 0

Program Operations 7,763

Total Expenditures 9,734

Ending Fund Balance 0

Ending Cash on Hand 0

Ending Inventory 0

**NORTHEAST MISSOURI COMMUNITY ACTION AGENCY
LIHEAP**

Subgrant Number: G-17-LIHEAP-17-15

RECONCILIATION OF REVENUES AND EXPENSES

FOR THE PERIOD OF October 1, 2016 to September 30, 2017

DIVISION OF ENERGY

Beginning Fund Balance 0

Revenue

Grant Income 117,301

Program Income 0

Total Revenue 117,301

Expenditures

Administration 9,474

Insurance 1,017

Financial Audit 0

Leveraging 0

T&TA 347

Program Operations 106,463

Total Expenditures 117,301

Ending Fund Balance 0

SUBGRANTEE

Beginning Fund Balance 0

Revenue

Grant Income 117,301

Program Income 0

Total Revenue 117,301

Expenditures

Administration 9,474

Insurance 1,017

Financial Audit 0

Leveraging 0

T&TA 347

Program Operations 106,463

Total Expenditures 117,301

Ending Fund Balance 0

Ending Cash on Hand 0

Ending Inventory 0

**NORTHEAST MISSOURI COMMUNITY ACTION AGENCY
UTILICARE**

Subgrant Number: G-16-Utilicare-16B-15

RECONCILIATION OF REVENUES AND EXPENSES

FOR THE PERIOD OF July 1, 2016 to January 31, 2017

DIVISION OF ENERGY

Beginning Fund Balance 0

Revenue

Grant Income 3,995

Program Income 0

Total Revenue 3,995

Expenditures

Administration 399

Insurance 0

Financial Audit 0

Leveraging 0

T&TA 200

Program Operations 3,396

Total Expenditures 3,995

Ending Fund Balance 0

SUBGRANTEE

Beginning Fund Balance 0

Revenue

Grant Income 3,995

Program Income 0

Total Revenue 3,995

Expenditures

Administration 399

Insurance .

Financial Audit 0

Leveraging 0

T&TA 200

Program Operations 3,396

Total Expenditures 3,995

Ending Fund Balance 0

Ending Cash on Hand 0

Ending Inventory 0

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY

Kirksville, Missouri

HEAD START FEDERAL PROGRAM

GRANT NO. 07CH7059/04

For the Program Year Ended July 31, 2017

Schedule of Revenue and Expenses Compared with Budget

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
<u>REVENUE</u>			
Grant Revenue - Head Start	\$ 2,831,651.00	\$ 2,104,742.04	\$ (726,908.96)
Grantee's In-Kind Contributions	707,915.00	643,866.88	(64,048.12)
Donations	-	-	-
	<u>3,539,566.00</u>	<u>2,748,608.92</u>	<u>(790,957.08)</u>
<u>EXPENSES</u>			
Direct Costs			
Personnel	1,010,818.00	977,793.44	33,024.56
Fringe Benefits	538,060.00	411,608.27	126,451.73
Travel	-	16,207.14	(16,207.14)
Training	-	-	-
Equipment	5,289.00	-	5,289.00
Supplies	69,385.00	80,415.87	(11,030.87)
Contractual	124,608.00	168,059.24	(43,451.24)
Facilities/Construction	665,868.00	74,673.57	591,194.43
Other	173,929.00	152,290.83	21,638.17
Indirect Costs	243,694.00	223,693.68	20,000.32
	<u>2,831,651.00</u>	<u>2,104,742.04</u>	<u>726,908.96</u>
Total Federal Expenses			
Grantee's In-Kind Expenses			
Personnel, Supplies and Other	707,915.00	643,866.88	(64,048.12)
	<u>3,539,566.00</u>	<u>2,748,608.92</u>	<u>662,860.84</u>
TOTAL EXPENSES			
REVENUE OVER (UNDER) EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,453,817.92)</u>

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY

Kirksville, Missouri

HEAD START PROGRAM

GRANT NO. 07CH7059/04

For the Program Year Ended July 31, 2017

Reconciliation of Final Financial Report to Audited Financial Statements

	<u>UNOBLIGATED BALANCE OF FEDERAL FUNDS</u>
Unobligated Balance of Federal Funds on Financial Status Report Filed September 26, 2017	\$ 726,908.96
Adjustments: None	<u>-</u>
Balance of Grant Funds Not Received to Carryover to Program Year Ending July 31, 2018	<u>\$ 726,908.96</u>

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY

Kirksville, Missouri

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Year Ended	Pass-Through Entity Identifying Number	CFDA #	Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Direct Programs:				
Head Start	7/31/2017	N/A	93.600	\$ 1,732,493.37
Head Start	7/31/2018	N/A	93.600	286,299.34
			TOTAL 93.600 (M)	<u>2,018,792.71</u>
Passed Through:				
State of Missouri Department of Social Services - Family Support Division Community Services Block Grant	9/30/2017	PG281700013	93.569	309,406.69
Low-Income Home Energy Assistance Program (ECHIP)	9/30/2017	ER11017014	93.568	322,238.00
State of Missouri Department of Economic Development Low-Income Home Energy Assistance Program	9/30/2017	G-17-LIHEAP-17-15	93.568	117,301.00
			TOTAL 93.568	<u>439,539.00</u>
				<u>2,767,738.40</u>
Total U.S. Department of Health and Human Services				
<u>U.S. DEPARTMENT OF ENERGY</u>				
Passed Through:				
State of Missouri Department of Economic Development Weatherization Assistance for Low-Income Individuals	6/30/2017	G-16-EE0006164-4-15	81.042	94,172.04
Weatherization Assistance for Low-Income Individuals	6/30/2018	G-17-EE0007930-15	81.042	32,687.27
			TOTAL 81.042	<u>126,859.31</u>
Total U.S. Department of Energy				<u>126,859.31</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed-through:				
Missouri Housing Development Commission CHDO Forgivable Loan Program - Outstanding Loan Balances	9/30/2017	Various	14.239 (M)	2,878,559.68
Total U.S. Department of Housing and Urban Development				<u>2,878,559.68</u>

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY
 Kirksville, Missouri
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Year Ended	Pass-Through Entity Identifying Number	CFDA #	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed Through:				
State of Missouri Department of Health and Human Services	9/30/2017	ERS46111735	10.558	\$ 128,316.12
Child and Adult Care Food Program	9/30/2017	ERS46111735	10.558	353,889.93
Sponsoring Organizations of Family Child Care Homes			TOTAL 10.558	482,206.05
Total U.S. Department of Agriculture				482,206.05
Total Expenditures of Federal Awards				\$ 6,255,363.44

NOTE A -- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Northeast Missouri Community Action Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B -- LOANS

The accompanying schedule of expenditures of federal awards includes the outstanding balance at 09/30/2017 of CHDO forgivable loans because the Federal Government imposes continuing compliance requirements.

NOTE C -- INDIRECT COST RATE

Northeast Missouri Community Action Agency did not elect to use the 10% de minimis cost rate.

(M) = Major Program

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Northeast Missouri Community
Action Agency
Kirksville, Missouri

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 consolidated financial statements of Northeast Missouri Community Action Agency (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Northeast Missouri Community Action 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Missouri Community Action Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Northeast Missouri Community Action 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 consolidated 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 Northeast Missouri Community Action Agency's consolidated 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 consolidated 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.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

May 16, 2018
Chanute, Kansas

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Northeast Missouri Community
Action Agency
Kirksville, Missouri

Report on Compliance for Each Major Federal Program

We have audited Northeast Missouri Community Action Agency'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 Northeast Missouri Community Action Agency's major federal programs for the year ended September 30, 2017. Northeast Missouri Community Action Agency'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Northeast Missouri Community Action 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northeast Missouri Community Action 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 each major federal program. However, our audit does not provide a legal determination of Northeast Missouri Community Action Agency's compliance.

Basis for Qualified Opinion on CFDA 93.600 Head Start

As described in the accompanying schedule of findings and questioned costs, Northeast Missouri Community Action Agency did not comply with requirements regarding CFDA 93.600 Head Start as described in finding number 2017-001 for Cash Management. Compliance with such requirements is necessary, in our opinion, for Northeast Missouri Community Action Agency to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 93.600 Head Start

In our opinion, except for the noncompliance described in the “Basis for Qualified Opinion” paragraph, Northeast Missouri Community Action Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 93.600 Head Start for the year ended September 30, 2017.

Unmodified Opinion on Compliance for Each of the Other Major Federal Programs

In our opinion, Northeast Missouri Community Action Agency 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 other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2017.

Other Matters

Northeast Missouri Community Action Agency’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Northeast Missouri Community Action Agency’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Northeast Missouri Community Action 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 Northeast Missouri Community Action 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 Northeast Missouri Community Action Agency’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2017-001 to be material weaknesses.

Northeast Missouri Community Action Agency's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. Northeast Missouri Community Action Agency's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

May 16, 2018
Chanute, Kansas

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY
Kirksville, Missouri

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

I. SUMMARY OF AUDITORS' RESULTS

Consolidated Financial Statements:

The auditors' report expresses an unmodified opinion on the consolidated financial statements of Northeast Missouri Community Action Agency

Internal Control over Financial Reporting:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	None Reported
Noncompliance or other matters required to be reported under <i>Government Auditing Standards</i> ?	_____	Yes	_____ <u>X</u> _____	No

Federal Awards:

Internal control over major programs:				
Material weakness(es) identified?	_____ <u>X</u> _____	Yes	_____ _____	No
Significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	None Reported

The auditors' report on compliance for the major federal award programs for Northeast Missouri Community Action Agency expresses a modified opinion.

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ <u>X</u> _____	Yes	_____ _____	No
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Identification of major programs:

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Home Investment Partnership Program CFDA 14.239

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Head Start CFDA 93.600

The threshold for distinguishing Types A and B programs was \$750,000.00.

Auditee qualified as a low risk auditee?	_____	Yes	_____ <u>X</u> _____	No
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II. FINANCIAL STATEMENT FINDINGS

None

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY
Kirksville, Missouri

Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended September 30, 2017

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2017-001 – Cash Management:	Questioned
<u>Federal Programs:</u>	Costs
U.S. Department of Health and Human Services	
Head Start - CFDA 93.600	NONE

Compliance requirement: 2 CFR section 215.22 states (a) Payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients.

Condition: During the year ended September 30, 2017 the Organization did not take into account the Head Start wrap around program when reporting expenditures and drawdowns to Head Start which resulted in drawing down funds in excess of actual federal expenditures.

Context: During the reconciliation of drawdowns for the grant ending July 31, 2017, the excess cash was discovered.

Effect: The breakdown of internal controls in this area could adversely affect the recording, processing, summarization, and reporting of financial data, as well as create an opportunity for fraud to occur.

Recommendation: While procedures appear to have been put into place, the Organization at year end still has the excess cash on hand. The Organization needs to work with the regional Head Start office to setup repayment terms.

Views of responsible officials and planned corrective action: See the Corrective Action Plan on pages 41 of the current year audit.

NORTHEAST MISSOURI COMMUNITY ACTION AGENCY
Kirksville, Missouri

Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2017

None

CORRECTIVE ACTION PLAN

May 16, 2018

Cognizant or Oversight Agency for Audit

Northeast Missouri Community Action Agency respectfully submits the following corrective action plan for the year ended September 30, 2017.

Name and address of independent public accounting firm: Jarred, Gilmore & Phillips, PA, P.O. Box 779, 1815 S Santa Fe, Chanute, Kansas 66720.

Audit period: Year ended September 30, 2017.

The findings from the May 16, 2018, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

Finding 2017-001– Cash Management

Recommendation: While procedures appear to have been put into place, the Organization at year end still has the excess cash on hand. The Organization needs to work with the regional Head Start office to setup repayment terms.

Action Taken: We concur with the recommendation. Procedures have been implemented to ensure that excess cash cannot be drawn. The Organization is currently in negotiations with the regional Head Start office to determine repayment of excess cash on hand that will allow the Organization to provide uninterrupted services to our children and families.

Should the Oversight Agency for Audit have questions regarding this plan, please contact Jeanie Smallwood, Executive Director, at (660) 665-9855.

Sincerely,

Northeast Missouri Community Action Agency

Northeast Missouri Community Action Agency