

**UNION COUNTY
COMMUNITY ACTION, INC.**

**FINANCIAL STATEMENTS
September 30, 2017 and 2016**

UNION COUNTY COMMUNITY ACTION, INC.
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**BURKETT
BURKETT & BURKETT**
Certified Public Accountants, P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Union County Community Action, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Union county Community Action, Inc.(a nonprofit organization), which comprise the statement of financial position as of September 31, 2017 and 2016, and the related 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 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 Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Union County Community Action, Inc. as of September 31, 2017 and 2016 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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and other records used to prepare financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2018, on our consideration of Union County Community Action, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Union County Community Action, Inc.'s internal control over financial reporting and compliance.

Burkett Burkett & Burkett

Burkett Burkett & Burkett
Certified Public Accountants, P.A.

Rock Hill, SC
February 19, 2018

FINANCIAL STATEMENTS

UNION COUNTY COMMUNITY ACTION, INC.

Statements of Financial Position

September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash	\$ 777,767	\$ 804,344
Accounts receivable	268,424	326,836
Prepaid expenses	65,064	33,433
Total current assets	<u>1,111,255</u>	<u>1,164,613</u>
Capital assets:		
Buildings and leasehold improvements	1,362,225	1,362,225
Furniture and equipment	658,036	531,994
Vehicles	1,591,684	1,591,684
	<u>3,611,945</u>	<u>3,485,903</u>
Less accumulated depreciation	2,617,934	2,411,982
Net capital assets	<u>994,011</u>	<u>1,073,921</u>
Total assets	<u>\$ 2,105,266</u>	<u>\$ 2,238,534</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 305,960	\$ 195,167
Deferred revenue	58,532	67,783
Accrued payroll and withholding	99,039	99,401
Total current liabilities	<u>463,531</u>	<u>362,351</u>
Long-term liabilities:		
Annual leave	79,244	82,056
Total long-term liabilities	<u>79,244</u>	<u>82,056</u>
Total liabilities	<u>542,775</u>	<u>444,407</u>
Net assets:		
Unrestricted	1,493,073	1,612,538
Temporarily restricted	69,418	181,589
Total net assets	<u>1,562,491</u>	<u>1,794,127</u>
Total liabilities and net assets	<u>\$ 2,105,266</u>	<u>\$ 2,238,534</u>

The accompanying notes to the financial statements are an integral part of these statements

UNION COUNTY COMMUNITY ACTION, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support:			
Grants and contracts	\$ -	\$ 8,007,684	\$ 8,007,684
Local sources	36,616	-	36,616
Contributions	-	-	-
Total support	<u>36,616</u>	<u>8,007,684</u>	<u>8,044,300</u>
Revenue:			
Interest income	4,893	-	4,893
Indirect cost allocation	662,451	-	662,451
Other income	3,312	7,970	11,282
Total revenue	<u>670,656</u>	<u>7,970</u>	<u>678,626</u>
Net assets released from restrictions	<u>8,127,825</u>	<u>(8,127,825)</u>	<u>-</u>
Total support and revenue	<u>8,835,097</u>	<u>(112,171)</u>	<u>8,722,926</u>
EXPENSES			
Administrative Cost Program	773,743	-	773,743
Program services:			
Community Services Block Grant	226,862	-	226,862
Head Start and Early Head Start	7,148,924	-	7,148,924
Pre-Kindergarten Program - Anson County	441,128	-	441,128
Pre-Kindergarten Program - Richmond County	87,557	-	87,557
Pre-Kindergarten Program - Union County	61,401	-	61,401
Workforce Investment Act	214,947	-	214,947
Total expenses	<u>8,954,562</u>	<u>-</u>	<u>8,954,562</u>
Change in net assets	(119,465)	(112,171)	(231,636)
NET ASSETS			
Beginning of year	<u>1,612,538</u>	<u>181,589</u>	<u>1,794,127</u>
End of year	<u>\$ 1,493,073</u>	<u>\$ 69,418</u>	<u>\$ 1,562,491</u>

The accompanying notes to the financial statements are an integral part of these statements

UNION COUNTY COMMUNITY ACTION, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2017

	Administrative Cost Program	Community Services Block Grant	Pre- Kindergarten Program - Anson County	Pre- Kindergarten Program - Richmond County	Pre- Kindergarten Program - Union county	Workforce Investment Act	Head Start and Early Head Start Programs	Total
Salaries and wages	\$ 496,441	\$ 58,495	\$ (13,018)	\$ (4,150)	\$ -	\$ 103,973	\$ 3,150,519	\$ 3,792,260
Fringe benefits	120,950	18,074	45,745	(1,045)	-	20,794	1,022,391	\$ 1,226,909
Total salaries and related expenses	617,391	76,569	32,727	(5,195)	-	124,767	4,172,910	5,019,169
Direct expenses:								
Communications	19,222	2,303	1,510	649	-	3,259	43,832	70,775
Depreciation	561	184	42,892	20,956	61,401	5,728	74,227	205,949
Dues, subscriptions, registrations	10,741	266	1,228	351	-	420	30,981	43,987
Family services	-	-	23	-	-	-	-	23
Food services and nutrition	-	-	-	-	-	-	431,295	431,295
Furniture & equipment (<\$500)	-	-	598	-	-	-	1,793	2,391
Insurance	2,614	378	376	-	-	4,485	51,766	59,619
Leases	3,723	-	-	-	-	-	-	3,723
Maintenance	257	249	125,494	14,721	-	274	117,467	258,462
Office, copying and computer	5,986	1,449	69,702	970	-	2,368	39,902	120,377
Other	-	-	15,000	-	-	-	2,162	17,162
Participant assistance	-	90,610	15,195	-	-	23,363	-	129,168
Professional services	35,747	15,768	6,856	594	-	10,452	329,757	399,174
Rent	29,035	9,348	2,800	3,418	-	12,148	58,940	115,689
Supplies and materials	36,451	2,119	80,084	48,273	-	1,560	94,197	262,684
Temporary help	-	-	-	-	-	-	120,947	120,947
Training	1,625	94	15,650	72	-	58	47,973	65,472
Travel	3,049	1,524	1,728	366	-	2,123	48,503	57,293
Utilities	7,341	2,111	5,218	388	-	979	170,052	186,089
Total direct expenses	156,352	126,403	384,354	90,758	61,401	67,217	1,663,794	2,550,279
Total program expenses before indirect costs, and grantee's share, in-kind expenses	773,743	202,972	417,081	85,563	61,401	191,984	5,836,704	7,569,448
Indirect costs	-	23,890	24,047	1,994	-	22,963	589,557	662,451
Grantee's share, in-kind	-	-	-	-	-	-	722,663	722,663
Total program expenses	773,743	226,862	441,128	87,557	61,401	214,947	7,148,924	8,954,562

UNION COUNTY COMMUNITY ACTION, INC.

Statement of Cash Flows

For the Year Ended September 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (231,636)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	205,949
Cash flows from changes in:	
Accounts receivable	58,412
Prepaid expenses	(31,631)
Accounts payable	110,793
Deferred revenue	(9,251)
Accrued payroll and withholding	(362)
Annual leave	(2,812)
Net cash provided by operating activities	<u>99,462</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	<u>(126,039)</u>
Net cash used in investing activities	<u>(126,039)</u>

Net decrease in cash	(26,577)
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CASH - BEGINNING OF YEAR

804,344

CASH - END OF YEAR

\$ 777,767

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	<u><u>\$ -</u></u>
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The accompanying notes to the financial statements are an integral part of these statements

UNION COUNTY COMMUNITY ACTION, INC.
Notes to Financial Statements
September 30, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Union County Community Action, Inc. (the "Agency") is a private, not-for-profit organization established in 1966 in the State of North Carolina. The Agency was structured in accordance with standards and requirements of the *Federal Economic Opportunity Act of 1964* and amendments. This Act states, "The basic purpose of community action is to stimulate a better focusing of all available local, state, private, and federal resources upon the goals of enabling low-income families and low-income individuals of all ages to obtain skills, knowledge, and motivations, and secure the opportunities needed for them to become fully self-sufficient."

The Agency services federally and non-federally funded government programs in Anson, Richmond, and Union Counties of North Carolina. Those activities include the following major programs:

Head Start and Early Head Start – These are programs of the U.S. Department of Health and Human Services (DHHS) that provide educational, nutrition, and social services to low-income families with children to help ensure that children are ready to start school. Head Start serves families with children that are three and four years of age. Early Head Start serves those families with children who are infants through two years old.

N.C. Pre-Kindergarten Program – The N.C. Pre-Kindergarten Program is State-funded. This program, through a specific pre-school curriculum, helps prepare four year-olds for school.

Workforce Investment Act – The Workforce Investment Act is a U.S. Department of Labor program that provides services for youth and adults in areas of work experience, skills training, educational and assessment services.

Community Services Block Grant – The Community Services Block Grant is a U. S. Department of Health and Human Services (DHHS) program that provides low-income families with employment and housing assistance with the purpose of helping them become self-sufficient.

The Agency operates an administrative pool whereby indirect costs are allocated among the various grants in the proportion that a specific grant's total direct costs bear to total Agency direct costs. This allocation plan is approved by Office of Head Start, the Agency's cognizant agent. The Agency received approval for an indirect cost rate of 11.17% for the period ended September 30, 2017. The direct costs of the administrative pool have been included in total expenses in the statements of activities and changes in net assets. The indirect costs charged to the programs are also included in the statement activities and changes in net assets.

Income Taxes

The Agency is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been made in the accompanying statements. The Agency files an annual tax return for information purposes.

UNION COUNTY COMMUNITY ACTION, INC.
Notes to Financial Statements
September 30, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Uncertainty in Income Taxes

The Agency shall initially recognize the financial statement effects of a tax position when it is more-likely-than not, based on the technical merits, that the position will be sustained upon examination. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Agency believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Agency's annual tax returns are subject to examination by authorities for a period of three years from the date they are filed.

Basis of Presentation

The Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Net Assets

Net assets of the Agency and changes therein are classified and reported as follows:

- a) *Unrestricted Net Assets* are from unrestricted contributions and income that are available for use as designated by the Board of Directors, including current operating expenses.
- b) *Temporarily Restricted Net Assets* are from contributions whose use is limited by donor-imposed stipulations which are satisfied by actions of the Agency or passage of time.
- c) *Permanently Restricted Net Assets* are from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be satisfied or removed by actions of the Agency. At September 30, 2017 there were no permanently restricted net assets.

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 at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Cash

For purposes of the statement of cash flows, cash includes amounts on hand and amounts on deposit at financial institutions.

Accounts Receivable

Accounts receivable are charged to bad debt expense as they are deemed uncollectible based upon management's periodic review of the accounts. At September 30, 2017 and 2016, management determined no allowance for uncollectible accounts was necessary based on historical collections.

UNION COUNTY COMMUNITY ACTION, INC.

Notes to Financial Statements

September 30, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets acquired by the Agency are considered to be owned by the Agency. However, State and federal funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least two years.

The Agency follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$5,000 as required by all programs except for Workforce Investment Opportunity Act. The Agency capitalizes at cost, all expenditures for fixed assets in excess of \$1,000 related to the Workforce Investment Opportunity Act program. Expenditures of less than \$5,000 may be considered for capitalization on an individual basis.

Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Leasehold improvements	25 years
Furniture and equipment	3-10 years
Vehicles	5-10 years

Annual Leave

Employees may accumulate up to 80 hours of earned vacation leave with such leave being fully vested when earned. A lump-sum payment is made for accrued leave at termination of employment. The current portion for accumulated earned leave is not considered to be material.

Support and Revenue

The Agency is generally funded by federal, State, and other grants and contracts. The majority of these grants and contracts operate on a cost reimbursement basis. Generally, accounts receivable and the related revenues are recorded when the applicable expenses to grant awards have been incurred. Certain grants require that the Agency match the funds received with other funds in varying percentages. The Agency may use in-kind contributions such as volunteer labor and space provided in order to meet the matching requirements. Such in-kind contributions are recognized only for regulatory accounting purposes.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the 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 and changes in net assets as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

UNION COUNTY COMMUNITY ACTION, INC.

Notes to Financial Statements

September 30, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among programs and supporting services based on management's estimates of the respective personnel requirements, supplies and materials usage, and space and equipment utilization.

NOTE B – ACCOUNTS RECEIVABLE

As of September 30, 2017 and 2016, accounts receivable consisted of the following:

	2017	2016
Funding sources:		
Head Start and Early Head Start	\$ 15,643	\$ 18,912
Child and Adult Care Food Program	47,838	50,719
Community Services Block Grant	24,264	30,665
Workforce Investment Act	-	68,153
N.C. Pre-Kindergarten - Anson	37,500	37,800
N.C. Pre-Kindergarten - Richmond	18,165	18,338
Erate	11,398	
Non-federal	19,101	38,213
Administration	65,405	38,530
Sales tax refund	29,110	25,506
	<u>\$ 268,424</u>	<u>\$ 326,836</u>

UNION COUNTY COMMUNITY ACTION, INC.
Notes to Financial Statements
September 30, 2017 and 2016

NOTE C – CAPITAL ASSETS

Property and equipment is presented by program activity as follows:

<u>Cost</u>	<u>September 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>September 30, 2017</u>
Administrative	\$ 68,077	\$ -	\$ 5,093	\$ 62,984
Workforce Investment Act	38,564	-	-	38,564
Head Start and Early Head Start	2,336,774	79,483	-	2,416,267
N.C. Pre-Kindergarten	1,034,571	75,394	23,742	1,086,213
Community Services				
Block Grant	2,843	-	-	2,843
Other	5,074	-	-	5,074
	<u>\$ 3,485,903</u>	<u>154,877</u>	<u>28,835</u>	<u>\$ 3,611,945</u>
<u>Accumulated depreciation</u>				
Administrative	48,919	\$ 567	\$ -	49,486
Workforce Investment Act	31,889	5,728	-	37,617
Head Start and Early Head Start	1,850,500	95,203	-	1,945,703
N.C. Pre-Kindergarten	474,015	128,012	23,742	578,285
Community Services				
Block Grant	1,586	184	-	1,770
Other	5,073	-	-	5,073
	<u>2,411,982</u>	<u>215,547</u>	<u>-</u>	<u>2,617,934</u>
Capital assets, net	<u>\$ 1,073,921</u>			<u>\$ 994,011</u>

Depreciation expense for the year ended September 30, 2017 was \$205,949.

NOTE D – DEFERRED REVENUE

The Agency records grant and contract revenue as a deferred revenue until it is expended for the purpose of the grant or contract, at which time it is recognized as revenue. The balance in deferred revenue at September 30, 2016 and 2015 consisted of the following, which represents revenue received that will be expended in the next fiscal year in accordance with the grant and contract:

	<u>2017</u>	<u>2016</u>
Funding sources:		
Administrative Cost Program	\$ -	\$ -
Community Services Block Grant	58,532	45,036
Head Start and Early Head Start (non federal)	-	22,747
	<u>\$ 58,532</u>	<u>\$ 67,783</u>

UNION COUNTY COMMUNITY ACTION, INC.

Notes to Financial Statements

September 30, 2017 and 2016

NOTE E – OPERATING LEASE COMMITMENTS

The Agency leases several facilities under operating lease agreements expiring at various dates through September 2020. Rent expense amounted to \$136,856 for the year ended September 30, 2017. Minimum future rental payments under the noncancelable operating leases are as follows:

Year Ended September 30:	
2018	\$ 137,345
2019	115,345
2020	93,231
Thereafter	<u>3</u>
	<u>\$ 345,924</u>

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of September 30, 2017 and 2016 consist of the following:

	2017	2016
Child and Adult Care Food Program	\$ (151,328)	\$ (81,749)
Community Services Block Grant	52,198	(9,725)
Head Start and Early Head Start	220,380	274,079
Workforce Investment Act	5,225	(2,302)
Child Care Star Enhancement	1,475	1,286
	<u>\$ 127,950</u>	<u>\$ 181,589</u>

NOTE G – RETIREMENT PLAN

The Agency sponsors a 401(k) and profit sharing plan, covering all eligible, full-time employees who have completed one year of service with a minimum of 1,000 hours. Plan participants may make salary deferral contributions to the plan in an amount not in excess of the maximum allowed by the Internal Revenue Code. The Agency contributes 5% of the participant's base compensation for employees having 1-16 years of service, 5.5% for 17-20 years of service, and 6% for 20 plus years of service. Profit sharing amounts may be contributed at the discretion of the Agency's board of directors. The Agency's contribution to the plan amounted to \$212,337 for the year ended September 30, 2017.

NOTE H - CONCENTRATIONS OF CREDIT RISK

Support from Head Start and Early Head Start accounted for approximately 87% of Agency's support and revenue for the year ended September 30, 2017. The loss of this program could have a significant impact on the Agency's financial position, changes in net assets and cash flow. No other program individually accounted for 10% or more of the Agency's support and revenue for the year.

UNION COUNTY COMMUNITY ACTION, INC.

Notes to Financial Statements

September 30, 2017 and 2016

NOTE H - CONCENTRATIONS OF CREDIT RISK (continued)

The Agency's policy is to maintain its cash balances in reputable financial institutions insured by the Federal Deposit Insurance Corporation (FDIC), which provides \$250,000 of insurance coverage on transaction deposit accounts. At September 30, 2017, the Agency had \$528,037 which was insured by the pooling method provided by BB&T with the state treasurer.

NOTE I - DONATED USE OF SPACE AND SERVICES

The Agency receives a significant amount of donated services from unpaid volunteers who assist in its various programs. Also, the Agency receives free or reduced rent from landlords of certain facilities due to the nature of its activities. The Head Start and Early Head Start grants require the Agency to recognize these in-kind contributions. Donated services and facilities are recognized as support and expenses in the accompanying statement of activities and changes in net assets for the year ended September 30, 2017, based on a percentage of administrative salaries for personnel and a percentage of square footage for rental values.

The in-kind amounts received by the Agency are as follows:

	September 30, 2017
Rent	421,052
Compensation	32,492
Materials	60,172
Medical & Dental	75,705
Transportation	1,313
Consulting and other services	131,929
	<u>\$ 722,663</u>

NOTE J - CONTINGENCIES

The Agency receives a significant portion of its funding under federal and State grants. Periodic monitoring audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the repayment of grant monies to the grantor agencies. In the opinion of management, the results of such audit, if any, will not have a material effect on the financial position of the Agency.

NOTE K - DATE OF MANAGEMENT'S REVIEW

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through February 22, 2018, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNION COUNTY COMMUNITY ACTION, INC.
Schedule of Revenue and Support, Expenses and Changes in Net Assets
Administrative Cost Program
For the Year Ended September 30, 2017

REVENUE AND SUPPORT

Indirect cost	\$ 662,451
Local sources	36,616
Interest income	4,893
Other revenue	3,312
Total revenue and support	<u>707,272</u>

EXPENSES

Salaries and wages	496,441
Fringe benefits	120,950
Communications	19,222
Depreciation expense	561
Dues, subscriptions, registrations	10,741
Insurance	2,614
Leases	3,723
Maintenance	257
Office, copying and computer	5,986
Professional services	35,747
Rent	29,035
Supplies and materials	36,451
Training	1,625
Travel	3,049
Utilities	7,341
Total expenses	<u>773,743</u>
Expenses in excess of revenues	<u>(66,471)</u>

The accompanying notes to the financial statements are an integral part of these statements

UNION COUNTY COMMUNITY ACTION, INC.
Schedule of Revenue and Support, Expenses and Changes in Net Assets - Budget and Actual
Community Services Block Grant
Contract Year Ended June 30, 2017
For the Year Ended September 30, 2017

	Agency Year Ended September 30, 2017	Plus: Three Months Ended September 30, 2016	Less: Three Months Ended September 30, 2017	Reconciled Contract Year Ended June 30, 2017	Budget Contract Year Ended June 30, 2017	Budget and Contract Year Ended Variance
REVENUE AND SUPPORT						
Federal government grants	\$ 288,741	\$ 43,790	\$ 117,534	\$ 214,997	\$ 214,997	\$ -
EXPENSES						
Direct costs:						
Salaries and wages	58,495	15,855	13,449	60,901	60,901	-
Fringe benefits	18,074	4,271	3,978	18,367	18,367	-
Repairs & maintenance	249	226	20	455	455	-
Depreciation expense	184	-	-	184	184	-
Rent	9,348	2,456	2,100	9,704	9,704	-
Utilities	2,111	1,113	511	2,713	2,713	-
Communications	2,303	(356)	389	1,558	1,558	-
Insurance	378	220	99	499	499	-
Office/copying/computer	1,449	580	222	1,807	1,807	-
Supplies and materials	2,119	545	101	2,563	2,563	-
Staff travel	1,524	1,436	130	2,830	2,830	-
Staff training	94	-	21	73	73	-
Dues, subscriptions, and registration	266	10	-	276	276	-
Professional services	15,768	193	274	15,687	15,687	-
Participant assistance	90,610	20,439	33,854	77,195	77,195	-
Total direct costs	202,972	46,988	55,148	194,812	194,812	-
Indirect costs	23,890	4,215	5,930	22,175	22,175	-
Total expenses	226,862	51,203	61,078	216,987	216,987	-
Excess revenues over (under) expenses	61,879	(7,413)	56,456	(1,990)	(1,990)	-

UNION COUNTY COMMUNITY ACTION, INC.
Schedule of Revenue and Support, Expenses and Changes in Net Assets - Budget and Actual
Pre-Kindergarten Program - Anson County
Contract Year Ended June 30, 2017
For the Year Ended September 30, 2017

	Agency Year Ended September 30, 2017	Plus: Three Months Ended September 30, 2016	Less: Three Months Ended September 30, 2017	Reconciled Contract Year Ended June 30, 2017	Budget Contract Year Ended June 30, 2017	Budget and Contract Year Ended Variance
REVENUE AND SUPPORT						
Anson County Partnership for Children	\$ 358,800	\$ 37,800	\$ 37,500	\$ 359,100	\$ 359,100	\$ -
Shape NC Grant	1,800	-	775	1,025	1,025	-
Homeless Grant	225	-	225	-	-	-
Other funding	7,970	-	7,970	-	-	-
Total funding	368,795	37,800	46,470	360,125	360,125	-
EXPENSES						
Direct costs:						
Salaries and wages	(13,018)	31,932	2,026	16,888	16,888	-
Fringe benefits	45,745	8,872	4,722	49,895	49,895	-
Furniture & equipment	598	-	-	598	598	-
Repairs & maintenance	125,494	-	242	125,252	125,252	-
Rent	2,800	-	2,100	700	700	-
Depreciation expense	42,892	-	-	42,892	42,892	-
Utilities	5,218	-	387	4,831	4,831	-
Communications	1,510	-	1,018	492	492	-
Insurance	376	55	376	55	55	-
Office/copying/computer	69,702	-	67,235	2,467	2,467	-
Supplies and materials	80,084	-	78,531	1,553	1,553	-
Staff travel	1,728	-	-	1,728	1,728	-
Staff training	15,650	-	-	15,650	15,650	-
Dues, subscriptions & registrations	1,228	-	195	1,033	1,033	-
Professional services	6,856	218	77	6,997	6,997	-
Participant assistance	15,195	54	1,417	13,832	13,832	-
Family services	23	-	-	23	23	-
Other	15,000	1,305	15,000	1,305	1,305	-
Total direct costs	417,081	42,436	173,326	286,191	286,191	-
Indirect costs	24,047	3,781	21,964	5,864	5,864	-
Total expenses	441,128	46,217	195,290	292,055	292,055	-
Excess revenues over (under) expenses	(72,333)	(8,417)	(148,820)	68,070	68,070	-

UNION COUNTY COMMUNITY ACTION, INC.
Schedule of Revenue and Support, Expenses and Changes in Net Assets - Budget and Actual
Pre-Kindergarten Program - Richmond County
Contract Year Ended June 30, 2017
For the Year Ended September 30, 2017

	Agency Year Ended September 30, 2017	Plus: Three Months Ended September 30, 2016	Less: Three Months Ended September 30, 2017	Reconciled Contract Year Ended June 30, 2017	Budget Contract Year Ended June 30, 2017	Budget and Contract Year Ended Variance
REVENUE AND SUPPORT						
Richmond County Partnership for Children	\$ 181,650	\$ 34,983	\$ 35,811	\$ 180,822	\$ 180,822	\$ -
EXPENSES						
Direct costs:						
Salaries and wages	(4,150)	17,759	1,178	12,431	12,431	-
Fringe benefits	(1,045)	7,174	1,139	4,990	4,990	-
Repairs & maintenance	14,721	-	203	14,518	14,518	-
Rent	3,418	-	-	3,418	3,418	-
Depreciation expense	20,956	-	-	20,956	20,956	-
Utilities	388	-	-	388	388	-
Communications	649	-	-	649	649	-
Insurance	-	21	-	21	21	-
Office/copying/computer	970	-	97	873	873	-
Supplies and materials	48,273	(1,683)	49,246	(2,656)	(2,656)	-
Staff travel	366	-	58	308	308	-
Staff training	72	-	-	72	72	-
Dues, subscriptions, and registrations	351	-	61	290	290	-
Professional services	594	134	-	728	728	-
Total direct costs	85,563	23,405	51,982	56,986	56,986	-
Indirect costs	1,994	2,291	2,500	1,785	1,785	-
Total expenses	87,557	25,696	54,482	58,771	58,771	-
Excess revenues over (under) expenses	94,093	9,287	(18,671)	122,051	122,051	-

UNION COUNTY COMMUNITY ACTION, INC.
Schedule of Revenue and Support, Expenses and Changes in Net Assets - Budget and Actual
Pre-Kindergarten Program - Union County
Contract Year Ended June 30, 2017
For the Year Ended September 30, 2017

	Agency Year Ended September 30, 2017	Plus: Three Months Ended September 30, 2016	Less: Three Months Ended September 30, 2017	Reconciled Contract Year Ended June 30, 2017	Reconciled Contract Year Ended June 30, 2017	Budget and Contract Year Ended Variance
REVENUE AND SUPPORT						
Union County Partnership for Children	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENSES						
Direct costs:						
Salaries and wages	-	-	-	-	-	-
Fringe benefits	-	-	-	-	-	-
Furniture & equipment (<500)	-	-	-	-	-	-
Repairs & maintenance	-	11,500	-	11,500	11,500	-
Depreciation expense	61,401	-	-	61,401	61,401	-
Utilities	-	-	-	-	-	-
Communication	-	(10,624)	-	(10,624)	(10,624)	-
Insurance	-	-	-	-	-	-
Office/copying/computer	-	-	-	-	-	-
Supplies & materials	-	(5,998)	-	(5,998)	(5,998)	-
Staff training	-	-	-	-	-	-
Dues, subscriptions, and registrations	-	68	-	68	68	-
Professional services	-	(789)	-	(789)	(789)	-
Total direct costs	61,401	(5,843)	-	55,558	55,558	-
Indirect costs	-	1,141	-	1,141	1,141	-
Total expenses	61,401	(4,702)	-	56,699	56,699	-
Excess revenues over (under) expenses	(61,401)	4,702	-	(56,699)	(56,699)	-

The accompanying notes to the financial statements are an integral part of these statements

UNION COUNTY COMMUNITY ACTION, INC.
Schedule of Revenue and Support, Expenses and Changes in Net Assets - Budget and Actual
Workforce Investment Opportunity Act
Contract Year Ended June 30, 2017
For the Year Ended September 30, 2017

	Agency Year Ended September 30, 2017	Plus: Three Months Ended September 30, 2016	Less: Three Months Ended September 30, 2017	Reconciled Contract Year Ended June 30, 2017	Budget Contract Year Ended June 30, 2017	Budget and Contract Year Ended Variance
REVENUE AND SUPPORT						
Federal government grants	\$ 216,784	\$ 82,154	\$ -	\$ 298,938	\$ 298,938	\$ -
EXPENSES						
Direct costs:						
Salaries and wages	103,973	49,727	(2,079)	155,779	155,779	-
Fringe benefits	20,794	9,768	-	30,562	30,562	-
Repairs & maintenance	274	733	-	1,007	1,007	-
Depreciation expense	5,728	-	-	5,728	5,728	-
Rent	12,148	4,556	-	16,704	16,704	-
Utilities	979	556	-	1,535	1,535	-
Communications	3,259	1,040	-	4,299	4,299	-
Insurance	4,485	1,735	(37)	6,257	6,257	-
Office/copying/computer	2,368	1,007	(21)	3,396	3,396	-
Supplies and materials	1,560	595	-	2,155	2,155	-
Staff travel	2,123	976	-	3,099	3,099	-
Staff training	58	-	-	58	58	-
Dues, subscriptions & registrations	420	496	-	916	916	-
Professional services	10,452	892	-	11,344	11,344	-
Participant assistance	23,363	3,789	-	27,152	27,152	-
Total direct costs	191,984	75,870	(2,137)	269,991	269,991	-
Indirect costs	22,963	7,869	-	30,832	30,832	-
Total expenses	214,947	83,739	(2,137)	300,823	300,823	-
Excess revenues over (under) expenses	1,837	(1,585)	2,137	(1,885)	(1,885)	-

UNION COUNTY COMMUNITY ACTION, INC.
Schedule of Revenue and Support, Expenses and Changes in Net Assets - Budget and Actual
Head Start and Early Head Start (Federal Only)
Contract Year Ended June 30, 2017
For the Year Ended September 30, 2017

	Agency Year Ended September 30, 2017	Plus: One Months Ended September 30, 2016	Less: One Months Ended September 30, 2017	Reconciled Contract Year Ended June 30, 2017	Budget Contract Year Ended June 30, 2017	Budget and Contract Year Ended Variance
REVENUE AND SUPPORT						
Federal government	\$ 5,680,445	\$ 1,028,182	\$ 1,277,723	\$ 5,430,904	\$ 5,430,904	\$ -
EXPENSES						
Direct costs:						
Salaries and wages	3,061,842	614,123	707,911	2,968,054	2,968,054	-
Fringe benefits	991,825	223,561	247,394	967,992	967,992	-
Furniture & equipment	1,793	992	-	2,785	2,785	-
Repairs & maintenance	117,467	28,928	22,692	123,703	123,703	-
Depreciation expense	74,227	-	-	74,227	74,227	-
Rent	58,940	13,264	16,226	55,978	55,978	-
Utilities	44,185	9,257	7,488	45,954	45,954	-
Communications	43,832	14,064	8,087	49,809	49,809	-
Insurance	51,766	19,252	12,391	58,627	58,627	-
Office/copying/computer	39,902	22,497	11,913	50,486	50,486	-
Supplies and materials	73,528	(6,514)	14,086	52,928	52,928	-
Staff travel	48,503	11,039	12,356	47,186	47,186	-
Staff training	47,933	16,918	16,504	48,347	48,347	-
Food & nutrition	74,889	12,450	13,103	74,236	74,236	-
Dues, subscriptions, and registrations	30,981	8,931	(7,438)	47,350	47,350	-
Professional services	321,660	37,800	215,937	143,523	143,523	-
Temporary help	106,782	20,224	18,001	109,005	109,005	-
Other	2,162	22,639	-	24,801	24,801	-
Total direct costs	5,192,217	1,069,425	1,316,651	4,944,991	4,944,991	-
Indirect costs	589,557	98,962	128,381	560,138	560,138	-
Total expenses	5,781,774	1,168,387	1,445,032	5,505,129	5,505,129	-
Excess revenues over (under) expenses	(101,329)	(140,205)	(167,309)	(74,225)	(74,225)	-

UNION COUNTY COMMUNITY ACTION, INC.
Schedule of Revenue and Support, Expenses and Changes in Net Assets
Head Start and Early Head Start Programs
For the Year Ended September 30, 2017

	Child and Adult Care Food Program	Head Start and Early Head Start	Erate	Non Federal	Total
REVENUE AND SUPPORT					
Federal government grants	\$ 442,323	\$ 5,680,445	\$ 50,454	\$ 848,116	\$ 7,021,338
EXPENSES:					
Direct costs:					
Salaries and wages	88,677	3,061,842	-	-	3,150,519
Fringe benefits	30,566	991,825	-	-	1,022,391
Furniture & equipment (<\$500)	-	1,793	-	-	1,793
Repairs & maintenance	-	117,467	-	-	117,467
Depreciation expense	-	74,227	-	-	74,227
Rent	-	58,940	-	-	58,940
Utilities	-	44,185	51,954	73,913	170,052
Communications	-	43,832	-	-	43,832
Insurance	-	51,766	-	-	51,766
Office/copying/computer	-	39,902	-	-	39,902
Supplies & materials	20,669	73,528	-	-	94,197
Staff travel	-	48,503	-	-	48,503
Staff training	40	47,933	-	-	47,973
Food & Nutrition	356,406	74,889	-	-	431,295
Dues, subscriptions & registrations	-	30,981	-	-	30,981
Professional services	1,378	321,660	6,719	-	329,757
Temporary help	14,165	106,782	-	-	120,947
Other	-	2,162	-	-	2,162
Total direct costs	511,901	5,192,217	58,673	73,913	5,836,704
Indirect costs	-	589,557	-	-	589,557
Grantee's share in-kind expense	-	-	-	722,663	722,663
Total expenses	511,901	5,781,774	58,673	796,576	7,148,924
Excess revenues over expenses	(69,578)	(101,329)	(8,219)	51,540	(127,586)

The accompanying notes to the financial statements are an integral part of these statements

COMPLIANCE SECTION

**BURKETT
BURKETT & BURKETT**

Certified Public Accountants, P.A.
128 East Main St., Ste 201 Rock Hill, SC 29730
Phone: 803-325-1660 Fax: 803-325-1665

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

To the Board of Directors Of
Union County Community Action, Inc.

We have audited, in accordance with the auditing standards general 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 Union County Community Action, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union County Community Action, 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 Union County Community Action, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material *weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union County Community Action, 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, the communication is not suitable for any other purpose.

Burkett Burkett + Burkett

Burkett Burkett & Burkett
Certified Public Accountants, P.A.

Rock Hill, SC
February 19, 2018

**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 of
Union County Community Action, Inc.

Report on Compliance for Each Major Federal Program

We have audited Union County Community Action, 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 Union County Community Action, Inc.'s major federal programs for the year ended September 30, 2017. Union County Community Action, 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 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 Union County Community Action Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes, examining, on a test basis, evidence about Union County Community Action, 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 Union County Community Action Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Union County Community Action 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 September 30, 2017.

Report on Internal Control over Compliance

Management of Union County Community Action, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements named above. In planning and performing our audit of compliance, we considered Union County Community Action, 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 Union County Community Action, 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 combination of deficiencies, in internal control over compliance with at 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 considered 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.

Burkett Burkett & Burkett
Certified Public Accountants, P.A.

Rock Hill, SC
February 19, 2018

UNION COUNTY COMMUNITY ACTION, INC.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____ yes	<u> X </u> no
Significant deficiency identified that is not considered to be material weaknesses?	_____ yes	<u> X </u> no
Noncompliance material to financial statements noted	_____ yes	<u> X </u> no

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	_____ yes	<u> X </u> no
Significant deficiency(s) identified that are not considered to be material weakness(es)?	_____ yes	<u> X </u> no

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance

	_____ yes	<u> X </u> no
--	-----------	-----------------

Identification of major federal programs:

CFDA Numbers

93.600

Names of Federal Program or Cluster

Head Start and Early Head Start

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

UNION COUNTY COMMUNITY ACTION, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Expenditures
FEDERAL GRANTS		
Cash Assistance:		
<u>U. S. Department of Health and Human Services</u>		
Head Start Cluster:		
Head Start and Early Head Start	93.600	\$ 5,680,445
Total Head Start Cluster		<u>5,680,445</u>
Passed-through the North Carolina Department of Health and Human Services:		
<i>Office of Economic Opportunity</i>		
Community Services Block Grant	93.569	288,741
Total U.S. Department of Health and Human Services		<u>5,969,186</u>
<u>U. S. Department of Agriculture</u>		
Passed-through the North Carolina Department of Health and Human Services:		
<i>Division of Public Health</i>		
Child and Adult Care Food Program (CACFP)	10.558	442,323
<u>U.S. Department of Labor</u>		
Passed-through the North Carolina Department of Commerce:		
Workforce Investment Act	17.258	216,784
Total federal assistance		<u>\$ 6,628,293</u>

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

UNION COUNTY COMMUNITY ACTION, INC.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activities of Union County Community Action, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. . In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

NOTE B - PURCHASE OF GOODS AND SERVICES CONTRACT

The Agency is considered a vendor of Pre-Kindergarten Program expenditures for goods and services under the Uniform Guidance. The funds received for expenditures of goods and services, passed-through Anson County Partnership for Children, Richmond County Partnership for Children and Union Smart Start, are not considered State awards and have been excluded from the Schedule of Expenditures of Federal Awards. Purchases of goods and services for the Pre-Kindergarten Program for the year ended September 30, 2017 were as follows:

Pre-Kindergarten expenditures passed through from:

Anson County Partnership for Children	\$	398,236
Union County Partnership for Children	\$	-
Richmond County Partnership for Children		66,601
	\$	<u>464,837</u>