

***Economic Opportunity Agency of
Washington County, Inc.
Springdale, Arkansas***

***REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION***

For the Year Ended October 31, 2018

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ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

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October 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Economic Opportunity Agency of Washington County, Inc.

We have audited the accompanying financial statements of Economic Opportunity Agency of Washington County, Inc. (a nonprofit organization), which comprise the statement of financial position as of October 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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's 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Economic Opportunity Agency of Washington County, Inc. as of October 31, 2018, 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

Other Information

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* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. In addition, the accompanying supplemental information, as listed in the preceding table of contents, 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 the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2019 on our consideration of Economic Opportunity Agency of Washington County, Inc.'s internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Economic Opportunity Agency of Washington County, Inc.'s internal control over financial reporting and compliance.

Saunders & Associates, PLLC
SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

January 29, 2019

FINANCIAL STATEMENTS

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

STATEMENT OF FINANCIAL POSITION

October 31, 2018

| | Unrestricted | Temporarily Restricted | Total |
|---|---------------------|---------------------------|---------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 447,270 | \$ (165,912) | \$ 281,358 |
| Investments | 73,477 | 0 | 73,477 |
| Accounts receivable | | | |
| Grants/contracts | 0 | 379,101 | 379,101 |
| Other | 5,510 | 117 | 5,627 |
| Interfund receivables | 328,748 | 0 | 328,748 |
| Inventory | 0 | 9,707 | 9,707 |
| Total Current Assets | 855,005 | 223,013 | 1,078,018 |
| Non-current Assets: | | | |
| Fixed assets | 6,110,897 | 0 | 6,110,897 |
| Accumulated depreciation | (2,471,379) | 0 | (2,471,379) |
| Total Noncurrent Assets | 3,639,518 | 0 | 3,639,518 |
| Total Assets | \$ 4,494,523 | \$ 223,013 | \$ 4,717,536 |
| LIABILITIES AND NET ASSETS | | | |
| Current Liabilities: | | | |
| Accounts payable | \$ 570 | \$ 40,126 | \$ 40,696 |
| Accrued liabilities | 59,219 | 2,345 | 61,564 |
| Accrued wages | 0 | 100,168 | 100,168 |
| PWCC Kitchen Reserve | 10,603 | 0 | 10,603 |
| Match payable | 0 | 0 | 0 |
| Deferred revenue | 0 | 0 | 0 |
| Interfund payables | 328,748 | 0 | 328,748 |
| Long-term debt-current portion | 23,571 | 0 | 23,571 |
| Total Current Liabilities | 422,711 | 142,639 | 565,350 |
| Other Liabilities: | | | |
| Long-term debt-noncurrent portion | 0 | 0 | 0 |
| Total Liabilities | 422,711 | 142,639 | 565,350 |
| Net Assets | 4,071,812 | 80,374 | 4,152,186 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 4,494,523 | \$ 223,013 | \$ 4,717,536 |

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

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

STATEMENT OF ACTIVITIES

For the Year Ended October 31, 2018

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|---------------------|
| Revenue | | | |
| Federal/state grants | 0 | \$ 5,155,962 | \$ 5,155,962 |
| United Way | 56,075 | 1,720 | 57,795 |
| Interest | 1,074 | 0 | 1,074 |
| Non-federal contributions/revenues | 169,928 | 508 | 170,436 |
| Other revenue | 98,020 | 65 | 98,085 |
| In-kind contributions | 57,075 | 832,778 | 889,853 |
| Net assets released from restriction: | | | |
| Satisfaction of program restrictions | 5,998,410 | (5,998,410) | 0 |
| Total Revenue | <u>6,380,582</u> | <u>(7,377)</u> | <u>6,373,205</u> |
| Expenses | | | |
| Program Services: | | | |
| Social services | 547,435 | 0 | 547,435 |
| Headstart | 4,328,778 | 0 | 4,328,778 |
| Children's services | 432,374 | 0 | 432,374 |
| Home energy assistance | 1,063,861 | 0 | 1,063,861 |
| Supporting Services: | | | |
| Management and general | 26,778 | 0 | 26,778 |
| Total Expenses | <u>6,399,226</u> | <u>0</u> | <u>6,399,226</u> |
| Increase (decrease) in net assets before other gains and losses | (18,644) | (7,377) | (26,021) |
| Other Gains and Losses | | | |
| Acquisition/disposition of assets | 61,572 | 0 | 61,572 |
| Realized gains/(losses) | 2,282 | 0 | 2,282 |
| Unrealized gains/(losses) | 890 | 0 | 890 |
| Interfund transfers | 36,606 | (36,606) | 0 |
| Depreciation | (245,758) | 0 | (245,758) |
| Total Other Gains and Losses | <u>(144,408)</u> | <u>(36,606)</u> | <u>(181,014)</u> |
| Increase/(decrease) in net assets | (163,052) | (43,983) | (207,035) |
| Net Assets, October 31, 2017 | <u>4,234,864</u> | <u>124,357</u> | <u>4,359,221</u> |
| NET ASSETS, OCTOBER 31, 2018 | <u>\$ 4,071,812</u> | <u>\$ 80,374</u> | <u>\$ 4,152,186</u> |

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

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended October 31, 2018

| <u>EXPENSES:</u> | <u>Social Services</u> | <u>Headstart</u> | <u>Children's Services</u> |
|-------------------------------------|----------------------------|---------------------|--------------------------------|
| Salaries | \$ 252,723 | \$ 2,403,879 | \$ 202,298 |
| Payroll taxes | 20,607 | 203,202 | 18,224 |
| Employee benefits | 13,479 | 167,863 | 19,701 |
| Retirement contributions | 10,362 | 85,740 | 11,619 |
| Worker's compensation insurance | 1,063 | 9,786 | 1,050 |
| Professional services | 4,912 | 94,341 | 34,385 |
| Travel | 12,187 | 36,425 | 3,528 |
| Vehicle expense | 0 | 5,355 | 363 |
| Office expense | 2,156 | 10,714 | 2,006 |
| Rent/space costs | 18,572 | 278,241 | 1,349 |
| Equipment | 6,446 | 12,722 | 0 |
| Repairs & maintenance | 0 | 59,499 | 3,447 |
| Advertising/printing/copying | 1,418 | 43,677 | 1,418 |
| Janitorial | 85 | 53,061 | 5,651 |
| Insurance | 396 | 34,270 | 5,973 |
| Utilities | 0 | 66,581 | 10,494 |
| Communication | 5,146 | 33,607 | 4,287 |
| Memberships/registration fees | 4,011 | 6,024 | 1,946 |
| Program costs/supplies | 4,891 | 299,760 | 81,775 |
| Nutrition services/children's meals | 0 | 256,919 | 0 |
| Nutrition services/adult meals | 0 | 49,885 | 1,674 |
| Staff development/training | 10,490 | 115,707 | 1,497 |
| Food costs/commodities | 178,455 | 0 | 0 |
| Fundraising | 0 | 0 | 19,323 |
| Interest | 0 | 0 | 0 |
| Miscellaneous | 36 | 1,520 | 366 |
| TOTAL EXPENSES | \$ 547,435 | \$ 4,328,778 | \$ 432,374 |

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

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended October 31, 2018

| <u>EXPENSES:</u> | <u>Home Energy Assistance</u> | <u>Management and General</u> | <u>Total</u> |
|-------------------------------------|---------------------------------------|---------------------------------------|---------------------|
| Salaries | \$ 69,578 | \$ 11,522 | \$ 2,940,000 |
| Payroll taxes | 6,548 | 776 | 249,357 |
| Employee benefits | 5,603 | 981 | 207,627 |
| Retirement contributions | 3,876 | 333 | 111,930 |
| Worker's compensation insurance | 276 | 0 | 12,175 |
| Professional services | 10,382 | 27 | 144,047 |
| Travel | 20 | 3,190 | 55,350 |
| Vehicle expense | 0 | 0 | 5,718 |
| Office expense | 5,691 | 429 | 20,996 |
| Rent/space costs | 9,005 | 157 | 307,324 |
| Equipment | 973 | 0 | 20,141 |
| Repairs & maintenance | 0 | 0 | 62,946 |
| Advertising/printing/copying | 727 | 2,634 | 49,874 |
| Janitorial | 46 | 32 | 58,875 |
| Insurance | 103 | 0 | 40,742 |
| Utilities | 0 | 0 | 77,075 |
| Communication | 2,086 | 62 | 45,188 |
| Memberships/registration fees | 442 | 4,119 | 16,542 |
| Program costs/supplies | 948,294 | 442 | 1,335,162 |
| Nutrition services/children's meals | 0 | 0 | 256,919 |
| Nutrition services/adult meals | 0 | 0 | 51,559 |
| Staff development/training | 0 | 0 | 127,694 |
| Food costs/commodities | 0 | 0 | 178,455 |
| Fundraising | 0 | 0 | 19,323 |
| Interest | 0 | 2,034 | 2,034 |
| Miscellaneous | 211 | 40 | 2,173 |
| TOTAL EXPENSES | \$ 1,063,861 | \$ 26,778 | \$ 6,399,226 |

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

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

STATEMENT OF CASH FLOWS

For the Year Ended October 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash provided (used) by operating activities:

Increase (decrease) in net assets \$ (207,035)

Adjustments to reconcile change in net assets to net cash provided by operating activities:

| | |
|---|------------|
| Depreciation | \$ 245,758 |
| (Increase) decrease in receivables | (36,137) |
| (Increase) decrease in inventory | 7,594 |
| Increase (decrease) in accounts payable | (86,970) |
| Increase (decrease) in accrued liabilities | 17,242 |
| Increase (decrease) in accrued wages | (15,249) |
| Increase (decrease) in PWCC Kitchen Reserve | 6,723 |
| Increase (decrease) in deferred revenue | (3,533) |
| Increase (decrease) in match payable | (859) |

134,569

Net cash provided (used) by operating activities

(72,466)

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--------------------------------|----------|
| Decrease in investments | 23,288 |
| Acquisition of fixed assets | (61,572) |
| Disposal of fixed assets (net) | <u>0</u> |

Net cash provided (used) by investing activities

(38,284)

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|-----------------------------|-----------------|
| Reduction of debt principal | <u>(33,966)</u> |
|-----------------------------|-----------------|

Net cash provided (used) by financing activities

(33,966)

Net increase (decrease) in cash

(144,716)

Cash and cash equivalents, October 31, 2017

426,074

CASH AND CASH EQUIVALENTS, OCTOBER 31, 2018

\$ 281,358

Supplemental Disclosures:

| | |
|----------------------|----------|
| Interest income | \$ 1,074 |
| Interest expense | \$ 2,034 |
| Capitalized interest | \$ 0 |

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

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON, COUNTY, INC.
Springdale, Arkansas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended October 31, 2018

NATURE OF ORGANIZATION

Economic Opportunity Agency of Washington County, Inc. (the Organization) is a community action agency whose purpose is to make improvements in the lives of low-income individuals and families and communities in which they live, with the goal for clients of self-sufficient living. The Organization was authorized as part of the Economic Opportunity Act of 1965.

The Organization's principal activities consist of carrying out programs under grants from the U.S. Department of Health and Human Services and the U.S. Department of Agriculture. The acceptance of these grants requires compliance with grant conditions, including the furnishing of certain cash or noncash contributions from non-federal sources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting whereby revenues are recognized as earned and expenses are recognized as obligations are incurred. Non-federal contributions consist of cash and in-kind contributions and are recorded as received.

Functional Allocation of Expenses - The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated (based on estimates) among the programs and supporting services benefited.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Financial Statement Presentation - The Organization follows FASB ASC 958 (formerly SFAS No. 117), *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information related to its financial position and activities according to three classes of net assets:

Unrestricted - represents the portion of expendable funds that are available for support of operations.

Temporarily Restricted - represents funds with donor/grantor-designated restrictions that will be satisfied with either the passage of time or the occurrence of an event.

Permanently Restricted - represents funds that are subject to donor restrictions that neither expire by passage of time, nor can be fulfilled otherwise by the organization's actions.

The Organization has no permanently restricted net assets.

Inventories - Inventory consists of food items to be distributed as part of the Emergency Food Assistance Program, which have been designated as commodities. Cost is based on information provided by the U.S.D.A. using the first-in, first-out method.

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON, COUNTY, INC.
Springdale, Arkansas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended October 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment – Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed using the straight-line method over the following estimated useful lives.

| | |
|-----------------------------------|-------------|
| Buildings and Land | 20-40 years |
| Furniture, Equipment and Vehicles | 5-15 years |

Depreciation expense for the year ended October 31, 2018 equaled \$245,758.

It is the Organization's policy to capitalize all asset purchases greater than \$1,000 while expensing all asset purchases under \$1,000.

In-Kind Contributions – Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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. Total in-kind contributions received equaled \$889,853. Of this amount, \$832,778 was received by the Head Start Program.

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. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fair Value Measurement – FASB guidance on fair value measurements defines fair values, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable accounts payable and accrued liabilities, approximate fair value due to the short maturity of these instruments.

NOTE 2: CASH DEPOSITS

At October 31, 2018, the Organization had deposits in one local bank. Cash held by the Organization at times exceeded the Federal Deposit Insurance Corporation (FDIC) coverage limit. Management believes the Organization is not exposed to any significant credit risk related to cash.

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON, COUNTY, INC.
Springdale, Arkansas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended October 31, 2018

NOTE 3: FEDERAL INCOME TAX

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of Arkansas Statutes. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Additionally, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax positions may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. Management has evaluated the tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the Organization has no open examinations with the Internal Revenue Service.

NOTE 4: INVESTMENTS

Investments consist of donor designated endowment funds at a local foundation.

At October 31, 2018:

| | <u>Cost</u> | <u>Fair Market Value</u> |
|--|---------------|------------------------------|
| Beneficial Interest in Future Earnings of Donor Designated Funds: | | |
| Arkansas Community Foundation | \$ <u>N/A</u> | \$ <u>73,477</u> |
| Total | \$ <u>N/A</u> | \$ <u>73,477</u> |

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON, COUNTY, INC.
Springdale, Arkansas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended October 31, 2018

NOTE 5: FAIR VALUE MEASUREMENT

Guidance provided by the FASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring a fair value, a fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1 – Quoted prices in active market for identical assets or liabilities as the reporting date.

Level 2 – Pricing inputs other than quoted prices included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date.

Level 3 – Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed techniques that result in management's best estimate of fair value.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methods used may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used.

Funds managed by Arvest Asset Management, Legacy National Bank, and the Arkansas Community Foundation are valued at the closing price reported on the active or observable market on which the individual securities are traded.

Fair Value Disclosures – The following table represents the Organization's investments that are measured at fair value on a recurring basis at October 31, 2018:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Beneficial Interest in Future Earnings of Donor Designated Funds: | | | | |
| Arkansas Community Foundation | \$ 73,477 | 0 | 0 | \$ 73,477 |
| Total | \$ 73,477 | \$ 0 | \$ 0 | \$ 73,477 |

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON, COUNTY, INC.
Springdale, Arkansas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended October 31, 2018

NOTE 6: LONG-TERM DEBT

Long-term debt of the Organization consists of:

| | |
|---|------------------|
| Medical Services of NWA, payable in monthly installments of \$3,000 and bears interest of 4.83%. The note is secured by real property and is due to mature July 1, 2019 | \$ <u>23,571</u> |
| Total Debt | 23,571 |
| Less Current Portion | <u>(23,571)</u> |
| Long-Term Debt | <u>\$ 0</u> |

Debt is scheduled to be repaid as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|------------------|-----------------|------------------|
| 2019 | \$ <u>23,571</u> | \$ <u>1,138</u> | \$ <u>24,709</u> |

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Activity of property, plant and equipment consists of the following:

| | <u>11/01/17</u> | <u>Additions</u> | <u>Retirements</u> | <u>10/31/18</u> |
|--------------------------|---------------------|-------------------|--------------------|---------------------|
| Land | \$ 400,000 | \$ 0 | \$ 0 | \$ 400,000 |
| Buildings | 4,730,042 | 0 | 0 | 4,730,042 |
| Furniture and Equipment | 929,669 | 61,572 | 10,386 | 980,855 |
| Total | <u>\$ 6,059,711</u> | <u>\$ 61,572</u> | <u>\$ 10,386</u> | <u>\$ 6,110,897</u> |
| Accumulated Depreciation | <u>\$ 2,236,007</u> | <u>\$ 245,758</u> | <u>\$ 10,386</u> | <u>\$ 2,471,379</u> |

NOTE 8: LEASES

The Organization is obligated on two lease agreements for office space. These leases are classified as operating leases for accounting purposes. Rental expense under these leases equaled \$57,891 in fiscal year ended October 31, 2018. Future minimum rental expense under these leases is as follows:

| | <u>Lease #1</u> | <u>Lease #2</u> | <u>Total</u> |
|-------|------------------|------------------|------------------|
| 2019 | \$ 35,476 | \$ 22,415 | \$ 57,891 |
| 2020 | <u>5,913</u> | <u>3,736</u> | <u>9,649</u> |
| Total | <u>\$ 41,389</u> | <u>\$ 26,151</u> | <u>\$ 67,540</u> |

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON, COUNTY, INC.
Springdale, Arkansas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended October 31, 2018

NOTE 9: PENSION PLAN

The Organization is enrolled in a qualified 401(k) retirement plan. All full-time employees having completed one year of service are eligible to participate in the plan. The Organization contributes 6% of eligible participants' compensation each year. Vesting occurs as follows:

| <u>Years of Service</u> | <u>Employer Portion of Accrued Benefits</u> |
|-------------------------|---|
| 0-1 | 0% |
| 2 | 20% |
| 3 | 40% |
| 4 | 60% |
| 5 | 80% |
| 6 | 100% |

The Organization's contributions to this plan for the year ended October 31, 2018 totaled \$111,930.

NOTE 10: COMPENSATED ABSENCES

The Organization recognizes its obligation related to employees' rights to receive compensation for future absences attributable to employees' services already rendered. These rights are accumulated and accounted for in the general fund. Due to restrictions on funds by grantors, it is believed that the allocation of such amounts to the various funds would result in insignificant amounts to individual funds. The Organization's liability for compensated absences at October 31, 2018 was \$85,361, and is included in accrued liabilities on the statement of financial position.

NOTE 11: CONCENTRATIONS

The Organization received approximately 81% of its revenues from federal, state and local sources during the year ended October 31, 2018. It is reasonably possible that in the near term these programs could cease, which would cause a severe impact on the Organization and its ability to continue its operations. The Organization does not expect in any way that the support from these governmental agencies will be lost in the near term. At October 31, 2018, the Organization had accounts receivable from federal, state, and local sources in the amount of \$379,101.

NOTE 12: SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended October 31, 2018 through January 29, 2019, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

Saunders & Associates, PLLC

Certified Public Accountants

630 East 17th Street * P. O. Box 1406 * Ada, Oklahoma 74820 * (580) 332-8548 * FAX: (580) 332-2272
Website: www.saunderscpas.com

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

Board of Directors
Economic Opportunity Agency of Washington County, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Economic Opportunity Agency of Washington County, Inc. (a non-profit organization), which comprise the statement of financial position as of October 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Economic Opportunity Agency of Washington County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Economic Opportunity Agency of Washington County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Economic Opportunity Agency of Washington County, 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 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 Economic Opportunity Agency of Washington County, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Saunders & Associates, PLLC
SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

January 29, 2019

Saunders & Associates, PLLC

Certified Public Accountants

630 East 17th Street * P. O. Box 1406 * Ada, Oklahoma 74820 * (580) 332-8548 * FAX: (580) 332-2272
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Economic Opportunity Agency of Washington County, Inc.

Report on Compliance for Each Major Program

We have audited Economic Opportunity Agency of Washington County, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Economic Opportunity Agency of Washington County, Inc.'s major federal programs for the year ended October 31, 2018. Economic Opportunity Agency of Washington County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of 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 Economic Opportunity Agency of Washington County, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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 Economic Opportunity Agency of Washington County, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Economic Opportunity Agency of Washington County, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Economic Opportunity Agency of Washington County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2018.

Report on Internal Control Over Compliance

Management of Economic Opportunity Agency of Washington County, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Economic Opportunity Agency of Washington County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Economic Opportunity Agency of Washington County, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Saunders & Associates, PLLC

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

January 29, 2019

SUPPLEMENTAL INFORMATION

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended October 31, 2018

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Agency Identifying Number</u> | <u>CFDA No.</u> | <u>Revenue</u> | <u>Expenditures</u> |
|--|--|---------------------|----------------------------|----------------------------|
| <u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | |
| Direct: | | | | |
| Headstart | 06CH7158 | 93.600 | \$ 3,234,725 | \$ 3,234,725 |
| <u>Passed Through the Arkansas Department of Human Services:</u> | | | | |
| Community Services Block Grant 16-08C | 60000217 | 93.569 | 7,769 | 7,769 |
| Community Services Block Grant 19-08 | 60000217 | 93.569 | 23,813 | 23,813 |
| Community Services Block Grant 18-08 | 60000217 | 93.569 | 306,218 | 303,033 |
| CSBG Discretionary Grant '17 | 60000217 | 93.569 | 3,377 | 3,377 |
| CSBG Discretionary Grant '18 | 60000217 | 93.569 | 8,655 | 8,655 |
| Home Energy Assistance Program - '19 | 60000217 | 93.568 | 0 | 1,503 |
| Home Energy Assistance Program - '18 | 60000217 | 93.568 | 1,069,177 | 1,062,358 |
| Total Dept. of Health and Human Services | | | <u>4,653,734</u> | <u>4,645,233</u> |
| <u>U. S. DEPARTMENT OF AGRICULTURE</u> | | | | |
| <u>Passed Through Arkansas Department of Human Services:</u> | | | | |
| Food Distribution Cluster: | | | | |
| Emergency Food Assistance-Admin | 8,300 | 10.568 | 11,685 | 11,685 |
| Emergency Food Assistance-Commodities | 8,300 | 10.568 | 170,861 | 170,861 |
| Total Food Distribution Cluster | | | <u>182,546</u> | <u>182,546</u> |
| Child Care Food Program | 710390902 | 10.558 | 256,516 | 256,516 |
| Total U. S. Department of Agriculture | | | <u>439,062</u> | <u>439,062</u> |
| <u>U. S. DEPARTMENT OF JUSTICE</u> | | | | |
| <u>Passed Through Arkansas Department of Finance and Administration:</u> | | | | |
| Crime Victim Assistance | 2016-VA-GX-0015 | 16.575 | 4,830 | 4,830 |
| TOTAL FEDERAL AWARDS | | | \$ <u>5,097,626</u> | \$ <u>5,089,125</u> |

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended October 31, 2018

| <u>PROGRAM GRANTOR/PROGRAM TITLE</u> | <u>Revenue</u> | <u>Expenditures</u> |
|--|----------------|---------------------|
| <u>ARKANSAS DEPARTMENT OF</u> <u>HUMAN SERVICES</u> | | |
| ECERS Headstart Incentive Grants | <u>0</u> | <u>5,818</u> |
| Total Arkansas Department of Human Services | <u>0</u> | <u>5,818</u> |
| | | |
| TOTAL STATE ASSISTANCE | <u>\$ 0</u> | <u>\$ 5,818</u> |

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

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended October 31, 2018

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Economic Opportunity Agency of Washington County, 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* (Uniform Guidance). Because the schedules only present a selected portion of the operations of the Organization, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2: CONTINGENT LIABILITIES

The organization participates in a number of federally assisted programs. These programs are audited in accordance with *Government Auditing Standards* and the *Uniform Guidance* requirements, if applicable, in accordance with the required levels of Federal Financial Assistance. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

NOTE 3: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related Federal financial reports filed with the grantor agencies because of accruals made in the schedule which will be included in future reports filed with agencies.

NOTE 4: INDIRECT COSTS

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the *Uniform Guidance*.

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

COMBINING STATEMENT OF FINANCIAL POSITION
(Non-GAAP Presentation)

October 31, 2018

| | <u>Headstart</u> | <u>USDA School Nutrition</u> | <u>Commodities</u> | <u>ECERS State Grant</u> |
|---|-------------------|--------------------------------------|--------------------|------------------------------|
| Assets | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ (96,907) | \$ (31,083) | \$ 157 | \$ 16,059 |
| Investments | 0 | 0 | 0 | 0 |
| Accounts receivable: | | | | |
| Grants/contracts | 285,230 | 31,795 | 890 | 0 |
| Other | 117 | 0 | 0 | 0 |
| Interfund receivables | 0 | 0 | 0 | 0 |
| Inventory | 0 | 0 | 9,707 | 0 |
| Prepaid expenses | 0 | 0 | 0 | 0 |
| Total Current Assets | <u>188,440</u> | <u>712</u> | <u>10,754</u> | <u>16,059</u> |
| Non-current Assets: | | | | |
| Fixed assets | 0 | 0 | 0 | 0 |
| Accumulated depreciation | 0 | 0 | 0 | 0 |
| Total Non-Current Assets | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Assets | <u>\$ 188,440</u> | <u>\$ 712</u> | <u>\$ 10,754</u> | <u>\$ 16,059</u> |
| Liabilities and Net Assets | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 37,776 | 712 | 0 | 33 |
| Accrued liabilities | 2,308 | 0 | 0 | 0 |
| Accrued wages | 100,168 | 0 | 0 | 0 |
| PWCC Kitchen Reserve | 0 | 0 | 0 | 0 |
| Match payable | 0 | 0 | 0 | 0 |
| Deferred revenue | 0 | 0 | 0 | 0 |
| Interfund payables | 0 | 0 | 0 | 0 |
| Long-term debt-current portion | 0 | 0 | 0 | 0 |
| Total Current Liabilities | <u>140,252</u> | <u>712</u> | <u>0</u> | <u>33</u> |
| Other Liabilities: | | | | |
| Long-term debt-noncurrent portion | 0 | 0 | 0 | 0 |
| Total Liabilities | <u>140,252</u> | <u>712</u> | <u>0</u> | <u>33</u> |
| Net Assets | | | | |
| Temporarily restricted | 48,188 | 0 | 10,754 | 16,026 |
| Unrestricted | 0 | 0 | 0 | 0 |
| Total Net Assets | <u>48,188</u> | <u>0</u> | <u>10,754</u> | <u>16,026</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 188,440</u> | <u>\$ 712</u> | <u>\$ 10,754</u> | <u>\$ 16,059</u> |

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

COMBINING STATEMENT OF FINANCIAL POSITION
(Non-GAAP Presentation)

October 31, 2018

| | CSBG | CSBG Discretionary | Children's Services | Children's Savings Acct. Initiative |
|---|-----------------|-----------------------|------------------------|---|
| Assets | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ (37,969) | \$ (8,424) | \$ (32,510) | \$ (5,099) |
| Investments | 0 | 0 | 0 | 0 |
| Accounts receivable: | | | | |
| Grants/contracts | 42,595 | 8,655 | 0 | 5,106 |
| Other | 0 | 0 | 5,510 | 0 |
| Interfund receivables | 0 | 0 | 27,000 | 0 |
| Inventory | 0 | 0 | 0 | 0 |
| Prepaid Expenses | 0 | 0 | 0 | 0 |
| Total Current Assets | <u>4,626</u> | <u>231</u> | <u>0</u> | <u>7</u> |
| Non-current Assets: | | | | |
| Fixed assets | 0 | 0 | 0 | 0 |
| Accumulated depreciation | 0 | 0 | 0 | 0 |
| Total Non-Current Assets | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Assets | <u>\$ 4,626</u> | <u>\$ 231</u> | <u>\$ 0</u> | <u>\$ 7</u> |
| Liabilities and Net Assets | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 1,234 | 231 | 531 | 7 |
| Accrued liabilities | 30 | 0 | 104 | 0 |
| Accrued wages | 0 | 0 | 0 | 0 |
| PWCC Kitchen Reserve | 0 | 0 | 10,603 | 0 |
| Match payable | 0 | 0 | 0 | 0 |
| Deferred revenue | 0 | 0 | 0 | 0 |
| Interfund payables | 0 | 0 | 328,748 | 0 |
| Long-term debt-current portion | 0 | 0 | 0 | 0 |
| Total Current Liabilities | <u>1,264</u> | <u>231</u> | <u>339,986</u> | <u>7</u> |
| Other Liabilities: | | | | |
| Long-term debt-noncurrent portion | 0 | 0 | 0 | 0 |
| Total Liabilities | <u>1,264</u> | <u>231</u> | <u>339,986</u> | <u>7</u> |
| Net Assets | | | | |
| Temporarily restricted | 3,362 | 0 | 0 | 0 |
| Unrestricted | 0 | 0 | (339,986) | 0 |
| Total Net Assets | <u>3,362</u> | <u>0</u> | <u>(339,986)</u> | <u>0</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 4,626</u> | <u>\$ 231</u> | <u>\$ 0</u> | <u>\$ 7</u> |

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

COMBINING STATEMENT OF FINANCIAL POSITION
(Non-GAAP Presentation)

October 31, 2018

| | VOCA | LIHEAP | Management & General | | Total |
|---|--------------|-----------------|----------------------|---------------------|---------------------|
| | | | Fixed Assets | Agency | |
| Assets | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | \$ (4,763) | \$ 2,117 | \$ 0 | \$ 479,780 | \$ 281,358 |
| Investments | 0 | 0 | 0 | 73,477 | 73,477 |
| Accounts receivable: | | | | | |
| Grants/contracts | 4,830 | 0 | 0 | 0 | 379,101 |
| Other | 0 | 0 | 0 | 0 | 5,627 |
| Interfund receivables | 0 | 0 | 0 | 301,748 | 328,748 |
| Inventory | 0 | 0 | 0 | 0 | 9,707 |
| Prepaid Expenses | 0 | 0 | 0 | 0 | 0 |
| Total Current Assets | <u>67</u> | <u>2,117</u> | <u>0</u> | <u>855,005</u> | <u>1,078,018</u> |
| Non-current Assets: | | | | | |
| Fixed assets | 0 | 0 | 980,855 | 5,130,042 | 6,110,897 |
| Accumulated depreciation | 0 | 0 | (735,642) | (1,735,737) | (2,471,379) |
| Total Non-Current Assets | <u>0</u> | <u>0</u> | <u>245,213</u> | <u>3,394,305</u> | <u>3,639,518</u> |
| Total Assets | <u>\$ 67</u> | <u>\$ 2,117</u> | <u>\$ 245,213</u> | <u>\$ 4,249,310</u> | <u>\$ 4,717,536</u> |
| Liabilities and Net Assets | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 67 | 66 | 0 | 39 | 40,696 |
| Accrued liabilities | 0 | 7 | 0 | 59,115 | 61,564 |
| Accrued wages | 0 | 0 | 0 | 0 | 100,168 |
| PWCC Kitchen Reserve | 0 | 0 | 0 | 0 | 10,603 |
| Match payable | 0 | 0 | 0 | 0 | 0 |
| Deferred revenue | 0 | 0 | 0 | 0 | 0 |
| Interfund payables | 0 | 0 | 0 | 0 | 328,748 |
| Long-term debt-current portion | 0 | 0 | 0 | 23,571 | 23,571 |
| Total Current Liabilities | <u>67</u> | <u>73</u> | <u>0</u> | <u>82,725</u> | <u>565,350</u> |
| Other Liabilities: | | | | | |
| Long-term debt-noncurrent portion | 0 | 0 | 0 | 0 | 0 |
| Total Liabilities | <u>67</u> | <u>73</u> | <u>0</u> | <u>82,725</u> | <u>565,350</u> |
| Net Assets | | | | | |
| Temporarily restricted | 0 | 2,044 | 0 | 0 | 80,374 |
| Unrestricted | 0 | 0 | 245,213 | 4,166,585 | 4,071,812 |
| Total Net Assets | <u>0</u> | <u>2,044</u> | <u>245,213</u> | <u>4,166,585</u> | <u>4,152,186</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 67</u> | <u>\$ 2,117</u> | <u>\$ 245,213</u> | <u>\$ 4,249,310</u> | <u>\$ 4,717,536</u> |

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

COMBINING STATEMENT OF ACTIVITIES
(Non-GAAP Presentation)

For the Year Ended October 31, 2018

| | Headstart | USDA School Nutrition | Commodities | ECERS State Grant |
|-------------------------------------|------------------|-----------------------------|------------------|----------------------|
| Revenues: | | | | |
| Federal/state grants | \$ 3,234,725 | \$ 256,516 | \$ 182,546 | \$ 0 |
| United Way | 1,720 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Non-federal contributions/revenues | 250 | 0 | 0 | 0 |
| Other revenue | 0 | 0 | 0 | 0 |
| In-kind contributions | 832,778 | 0 | 0 | 0 |
| Total Revenues | <u>4,069,473</u> | <u>256,516</u> | <u>182,546</u> | <u>0</u> |
| Expenses: | | | | |
| Salaries | 2,403,879 | 0 | 4,668 | 0 |
| Payroll taxes | 203,202 | 0 | 459 | 0 |
| Employee benefits | 167,863 | 0 | 675 | 0 |
| Retirement contributions | 85,740 | 0 | 525 | 0 |
| Worker's compensation insurance | 9,786 | 0 | 49 | 0 |
| Professional services | 93,097 | 1,244 | 1,257 | 87 |
| Travel | 36,425 | 0 | 0 | 0 |
| Vehicle expense | 5,355 | 0 | 0 | 0 |
| Office expense | 10,714 | 0 | 0 | 0 |
| Rent/space costs | 278,241 | 0 | 3,871 | 0 |
| Equipment | 12,722 | 0 | 0 | 0 |
| Repairs/maintenance | 59,499 | 0 | 0 | 0 |
| Advertising/printing/copying | 43,667 | 10 | 0 | 0 |
| Janitorial/lawn care | 53,061 | 0 | 5 | 0 |
| Insurance | 34,270 | 0 | 18 | 0 |
| Utilities | 66,581 | 0 | 0 | 0 |
| Communications | 33,607 | 0 | 148 | 0 |
| Memberships/registration fees | 6,007 | 17 | 10 | 0 |
| Program costs/supplies | 299,760 | 0 | 0 | 149 |
| Nutrition services/children's meals | 403 | 256,516 | 0 | 0 |
| Nutrition services/adult meals | 48,465 | 1,420 | 0 | 0 |
| Staff development/training | 115,707 | 0 | 0 | 5,582 |
| Food costs/commodities | 0 | 0 | 178,455 | 0 |
| Fundraising | 0 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Miscellaneous | 1,501 | 19 | 0 | 0 |
| Total Expenses | <u>4,069,552</u> | <u>259,226</u> | <u>190,140</u> | <u>5,818</u> |
| Other Gains and Losses | | | | |
| Acquisition/disposition of assets | 0 | 0 | 0 | 0 |
| Realized gains/(losses) | 0 | 0 | 0 | 0 |
| Unrealized gains/(losses) | 0 | 0 | 0 | 0 |
| Interfund transfers | 0 | (36,606) | 0 | 0 |
| Depreciation | 0 | 0 | 0 | 0 |
| Total Other Gains and Losses | <u>0</u> | <u>(36,606)</u> | <u>0</u> | <u>0</u> |
| Increase (Decrease) in Net Assets | (79) | (39,316) | (7,594) | (5,818) |
| Net Assets, October 31, 2017 | <u>48,267</u> | <u>39,316</u> | <u>18,348</u> | <u>21,844</u> |
| NET ASSETS, OCTOBER 31, 2018 | <u>\$ 48,188</u> | <u>\$ 0</u> | <u>\$ 10,754</u> | <u>\$ 16,026</u> |

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

COMBINING STATEMENT OF ACTIVITIES
(Non-GAAP Presentation)

For the Year Ended October 31, 2018

| | CSBG | CSBG Discretionary 17-08 | CSBG Discretionary 18-08 | VOCA |
|-------------------------------------|-----------------|--------------------------------|--------------------------------|--------------|
| Revenues: | | | | |
| Federal/state grants | \$ 337,800 | \$ 3,377 | \$ 8,655 | \$ 4,830 |
| United Way | 0 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Non-federal contributions/revenues | 0 | 0 | 0 | 0 |
| Other revenue | 0 | 0 | 0 | 0 |
| In-kind contributions | 0 | 0 | 0 | 0 |
| Total Revenues | <u>337,800</u> | <u>3,377</u> | <u>8,655</u> | <u>4,830</u> |
| Expenses: | | | | |
| Salaries | 243,918 | 0 | 0 | 4,137 |
| Payroll taxes | 19,797 | 0 | 0 | 351 |
| Employee benefits | 12,804 | 0 | 0 | 0 |
| Retirement contributions | 9,589 | 0 | 0 | 248 |
| Worker's compensation insurance | 1,014 | 0 | 0 | 0 |
| Professional services | 2,590 | 78 | 900 | 0 |
| Travel | 12,187 | 0 | 0 | 0 |
| Vehicle expense | 0 | 0 | 0 | 0 |
| Office expense | 2,156 | 0 | 0 | 0 |
| Rent/space costs | 14,701 | 0 | 0 | 0 |
| Equipment | 0 | 0 | 6,446 | 0 |
| Repairs/maintenance | 0 | 0 | 0 | 0 |
| Advertising/printing/copying | 1,392 | 0 | 0 | 26 |
| Janitorial | 80 | 0 | 0 | 0 |
| Insurance | 378 | 0 | 0 | 0 |
| Utilities | 0 | 0 | 0 | 0 |
| Communications | 4,998 | 0 | 0 | 0 |
| Memberships/registration fees | 4,001 | 0 | 0 | 0 |
| Program costs/supplies | 2,597 | 768 | 1,309 | 68 |
| Nutrition services/children's meals | 0 | 0 | 0 | 0 |
| Nutrition services/adult meals | 0 | 0 | 0 | 0 |
| Staff development/training | 2,377 | 2,531 | 0 | 0 |
| Food costs/commodities | 0 | 0 | 0 | 0 |
| Fundraising | 0 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Miscellaneous | 36 | 0 | 0 | 0 |
| Total Expenses | <u>334,615</u> | <u>3,377</u> | <u>8,655</u> | <u>4,830</u> |
| OTHER GAINS AND LOSSES: | | | | |
| Acquisition/disposition of assets | 0 | 0 | 0 | 0 |
| Realized gains/(losses) | 0 | 0 | 0 | 0 |
| Unrealized gains/(losses) | 0 | 0 | 0 | 0 |
| Interfund transfers | 0 | 0 | 0 | 0 |
| Depreciation | 0 | 0 | 0 | 0 |
| Total Other Gains and Losses | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Increase (Decrease) in Net Assets | 3,185 | 0 | 0 | 0 |
| Net Assets, October 31, 2017 | <u>177</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| NET ASSETS, OCTOBER 31, 2018 | <u>\$ 3,362</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

COMBINING STATEMENT OF ACTIVITIES
(Non-GAAP Presentation)

For the Year Ended October 31, 2018

| | Children's Services | Children's Savings Acct. Initiative | LIHEAP |
|-------------------------------------|------------------------|---|------------------|
| Revenues: | | | |
| Federal/state grants | \$ 0 | \$ 58,336 | \$ 1,069,177 |
| United Way | 56,075 | 0 | 0 |
| Interest | 0 | 0 | 0 |
| Non-federal contributions/revenues | 169,806 | 0 | 258 |
| Other revenue | 12,319 | 0 | 65 |
| In-kind contributions | 56,508 | 0 | 0 |
| Total Revenues | <u>294,708</u> | <u>58,336</u> | <u>1,069,500</u> |
| Expenses: | | | |
| Salaries | 195,221 | 7,077 | 69,578 |
| Payroll taxes | 17,539 | 685 | 6,548 |
| Employee benefits | 19,092 | 609 | 5,603 |
| Retirement contributions | 11,134 | 485 | 3,876 |
| Worker's compensation insurance | 1,050 | 0 | 276 |
| Professional services | 21,732 | 12,653 | 10,382 |
| Travel | 3,528 | 0 | 20 |
| Vehicle expense | 363 | 0 | 0 |
| Office expense | 1,761 | 245 | 5,691 |
| Rent/space costs | 1,095 | 254 | 9,005 |
| Equipment | 0 | 0 | 973 |
| Repairs/maintenance | 3,447 | 0 | 0 |
| Advertising/printing/copying | 1,418 | 0 | 727 |
| Janitorial | 5,651 | 0 | 46 |
| Insurance | 5,973 | 0 | 103 |
| Utilities | 10,494 | 0 | 0 |
| Communications | 4,124 | 163 | 2,086 |
| Memberships/registration fees | 1,946 | 0 | 442 |
| Program costs/supplies | 45,610 | 36,165 | 948,294 |
| Nutrition services/children's meals | 0 | 0 | 0 |
| Nutrition services/adult meals | 1,674 | 0 | 0 |
| Staff development/training | 1,497 | 0 | 0 |
| Food costs/commodities | 0 | 0 | 0 |
| Fundraising | 19,323 | 0 | 0 |
| Interest | 0 | 0 | 0 |
| Miscellaneous | 366 | 0 | 211 |
| Total Expenses | <u>374,038</u> | <u>58,336</u> | <u>1,063,861</u> |
| OTHER GAINS AND LOSSES: | | | |
| Acquisition/disposition of assets | 0 | 0 | 0 |
| Realized gains/(losses) | 0 | 0 | 0 |
| Unrealized gains/(losses) | 0 | 0 | 0 |
| Interfund transfers | 63,606 | 0 | 0 |
| Depreciation | 0 | 0 | 0 |
| Total Other Gains and Losses | <u>63,606</u> | <u>0</u> | <u>0</u> |
| Increase (Decrease) in Net Assets | (15,724) | 0 | 5,639 |
| Net Assets, October 31, 2017 | <u>(324,262)</u> | <u>0</u> | <u>(3,595)</u> |
| NET ASSETS, OCTOBER 31, 2018 | <u>\$ (339,986)</u> | <u>\$ 0</u> | <u>\$ 2,044</u> |

COMBINING STATEMENT OF ACTIVITIES
(Non-GAAP Presentation)

For the Year Ended October 31, 2018

| | Management & General | | Total |
|-------------------------------------|----------------------|---------------------|---------------------|
| | Fixed Assets | Agency | |
| Revenues: | | | |
| Federal/state grants | \$ 0 | \$ 0 | \$ 5,155,962 |
| United Way | 0 | 0 | 57,795 |
| Interest | 0 | 1,074 | 1,074 |
| Non-federal contributions/revenues | 0 | 122 | 170,436 |
| Other revenue | 0 | 85,701 | 98,085 |
| In-kind contributions | 0 | 567 | 889,853 |
| Total Revenues | <u>0</u> | <u>87,464</u> | <u>6,373,205</u> |
| Expenses: | | | |
| Salaries | 0 | 11,522 | 2,940,000 |
| Payroll taxes | 0 | 776 | 249,357 |
| Employee benefits | 0 | 981 | 207,627 |
| Retirement contributions | 0 | 333 | 111,930 |
| Worker's compensation insurance | 0 | 0 | 12,175 |
| Professional services | 0 | 27 | 144,047 |
| Travel | 0 | 3,190 | 55,350 |
| Vehicle expense | 0 | 0 | 5,718 |
| Office expense | 0 | 429 | 20,996 |
| Rent/space costs | 0 | 157 | 307,324 |
| Equipment | 0 | 0 | 20,141 |
| Repairs/maintenance | 0 | 0 | 62,946 |
| Advertising/printing/copying | 0 | 2,634 | 49,874 |
| Janitorial | 0 | 32 | 58,875 |
| Insurance | 0 | 0 | 40,742 |
| Utilities | 0 | 0 | 77,075 |
| Communications | 0 | 62 | 45,188 |
| Memberships/registration fees | 0 | 4,119 | 16,542 |
| Program costs/supplies | 0 | 442 | 1,335,162 |
| Nutrition services/children's meals | 0 | 0 | 256,919 |
| Nutrition services/adult meals | 0 | 0 | 51,559 |
| Staff development/training | 0 | 0 | 127,694 |
| Food costs/commodities | 0 | 0 | 178,455 |
| Fundraising | 0 | 0 | 19,323 |
| Interest | 0 | 2,034 | 2,034 |
| Miscellaneous | 0 | 40 | 2,173 |
| Total Expenses | <u>0</u> | <u>26,778</u> | <u>6,399,226</u> |
| OTHER GAINS AND LOSSES: | | | |
| Acquisition/disposition of assets | 61,572 | 0 | 61,572 |
| Realized gains/(losses) | 0 | 2,282 | 2,282 |
| Unrealized gains/(losses) | 0 | 890 | 890 |
| Interfund transfers | 0 | (27,000) | 0 |
| Depreciation | (60,921) | (184,837) | (245,758) |
| Total Other Gains and Losses | <u>651</u> | <u>(208,665)</u> | <u>(181,014)</u> |
| Increase (Decrease) in Net Assets | 651 | (147,979) | (207,035) |
| Net Assets, October 31, 2017 | <u>244,562</u> | <u>4,314,564</u> | <u>4,359,221</u> |
| NET ASSETS, OCTOBER 31, 2018 | <u>\$ 245,213</u> | <u>\$ 4,166,585</u> | <u>\$ 4,152,186</u> |

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

SCHEDULE OF UNITS OF SERVICE FOR THE
CHILD AND ADULT CARE FOOD PROGRAM

For the Year Ended October 31, 2018

| | Headstart | | | Total |
|-----------|---------------|---------------|---------------|----------------|
| | Breakfast | Lunch | Supplements | |
| November | 4,151 | 4,129 | 4,179 | 12,459 |
| December | 3,262 | 3,210 | 3,273 | 9,745 |
| January | 4,595 | 4,505 | 4,606 | 13,706 |
| February | 4,616 | 4,562 | 4,640 | 13,818 |
| March | 4,165 | 4,100 | 4,182 | 12,447 |
| April | 4,978 | 4,902 | 4,995 | 14,875 |
| May | 3,004 | 2,976 | 3,036 | 9,016 |
| June | 1,685 | 1,675 | 1,691 | 5,051 |
| July | 667 | 677 | 697 | 2,041 |
| August | 1,749 | 1,750 | 1,773 | 5,272 |
| September | 4,049 | 4,063 | 4,147 | 12,259 |
| October | 5,064 | 5,094 | 5,179 | 15,337 |
| TOTAL | <u>41,985</u> | <u>41,643</u> | <u>42,398</u> | <u>126,026</u> |

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

SUPPLEMENTAL DATA SHEET

For the Year Ended October 31, 2018

Entity: Economic Opportunity Agency of Washington County, Inc.
Address: 614 East Emma Avenue, Suite M401
Springdale, AR 72764
EIN: 71-0390902
Phone: (479) 872-7479
Director: Delia Farmer, Executive Director
Contact Person: Julie Parker, Financial Officer
Audit Firm: Saunders & Associates, PLLC
Lead Auditor: Gary B. Saunders, CPA

STATUS OF PRIOR AUDIT FINDINGS

October 31, 2018

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

ECONOMIC OPPORTUNITY AGENCY OF WASHINGTON COUNTY, INC.
Springdale, Arkansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended October 31, 2018

Section 1 – Summary of Auditor's Results

Financial Statements:

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant deficiencies identified not considered to be material weakness(es)? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified.

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

Yes No

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

Auditee qualified as low-risk auditee? Yes No

Identification of Major Programs:

| <u>CFDA #</u> | <u>PROGRAM TITLE</u> |
|---------------|--------------------------------|
| 93.568 | Home Energy Assistance Program |
| 10.558 | Child Care Food Program |

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.