

*Hampton Roads Community
Action Program, Inc.*

FINANCIAL REPORT
JUNE 30, 2016 AND 2015

Hampton Roads Community Action Program, Inc.

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A. ROHM, SMITH & COMPANY

Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hampton Roads Community Action Program, Inc.
Newport News, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the Hampton Roads Community Action Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, 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.

Auditors' 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 auditors' 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.

Basis of Qualified Opinion

The Hampton Roads Community Action Program Inc.'s financial statements capitalize fixed assets purchased with Head Start grant monies and establish an offsetting valuation allowance. They do not record depreciation expense or the related accumulated depreciation in the financial statements. Quantification of the effects on the financial statements of the preceding practice is not practicable.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Hampton Roads Community Action Program, Inc. as of June 30, 2016, and the changes in 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 supplemental information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 26, 2017, on our consideration of the Hampton Roads Community Action Program, Inc. 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 the Hampton Roads Community Action Program Inc.'s internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements as of June 30, 2015 were audited by Diane Y. Smith, CPA, P.C., who merged with A. Rohm, Smith and Company as of August 1, 2016, and whose report dated December 2, 2015 expressed a qualified opinion on those statements.

Newport News, Virginia

January 26, 2017

A. Rohm, Smith & Company

FINANCIAL STATEMENTS

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Statements of Financial Position

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 650,301	\$ 771,608
Investments - money market	505,030	503,389
Prepaid expense	-	10,905
Grants receivable	<u>1,066,097</u>	<u>990,959</u>
Total current assets	<u>2,221,428</u>	<u>2,276,861</u>
FIXED ASSETS		
Real estate	554,316	554,316
Leasehold improvements	250,000	250,000
Equipment	521,768	505,597
Furniture & fixtures	417,922	372,182
Automotive equipment	<u>1,878,066</u>	<u>1,875,876</u>
Total fixed assets	<u>3,622,072</u>	<u>3,557,971</u>
Total assets	<u>\$ 5,843,500</u>	<u>\$ 5,834,832</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 323,384	\$ 211,841
Accrued salaries	329,358	353,801
Accrued annual leave	<u>148,752</u>	<u>155,260</u>
Total current liabilities	801,494	720,902
FIXED ASSET VALUATION ALLOWANCE	<u>3,622,072</u>	<u>3,557,971</u>
Total liabilities	4,423,566	4,278,873
UNRESTRICTED NET ASSETS	<u>1,419,934</u>	<u>1,555,959</u>
Total liabilities and net assets	<u>\$ 5,843,500</u>	<u>\$ 5,834,832</u>

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2016

	Head Start/ Early Head Start Programs	Summer Feeding Program	Virginia Department of Social Services Programs	Department of Veterans Affairs	U. S. Housing & Urban Development	Childcare Program	Other Programs	OHA Agency Programs	Total
SUPPORT									
Grants awarded									
Federal government	\$ 12,098,628	\$ 35,727	\$ 527,892	\$ 293,446	\$ 11,926	\$ -	\$ 23,500	\$ -	\$ 13,027,779
Slate government	-	-	141,284	-	-	217,488	25,000	-	383,772
Local government	-	-	-	-	-	-	113,720	200,000	313,720
Private grants	-	-	30,000	-	-	-	92,833	-	122,833
Total support	12,098,628	35,727	699,176	293,446	11,926	217,488	255,053	200,000	13,848,104
REVENUE									
Donations	-	-	-	150	-	-	111	2,947	3,208
Interest income	-	-	-	-	-	-	-	1,641	1,641
Other revenue	46,657	-	4,162	-	-	-	-	60,096	110,915
In-kind revenue	1,667,033	-	305,399	21,054	-	-	-	-	1,993,486
Total revenue	1,713,690	-	309,561	150	-	-	111	64,684	2,109,250
Total unrestricted support and revenue	13,812,318	35,727	1,008,737	293,596	11,926	217,488	255,164	264,684	15,957,354
EXPENSES									
Program services:									
Salary and wages	6,368,178	21,343	267,313	154,973	10,810	158,538	131,566	55,690	7,198,495
Fringe benefits	2,101,294	2,897	96,285	29,287	1,116	44,745	31,810	13,398	2,327,942
Contractual	79,876	55	42,480	600	-	825	6,818	197,110	327,764
Travel	251,268	910	3,894	1,172	-	-	9,567	7,703	274,514
Rent	600,859	-	12,600	-	-	-	4,003	556	618,018
Building maintenance	195,837	-	32,900	1,389	-	-	1,425	16,850	248,401
Consumable supplies	913,766	40,458	17,049	1,088	-	4,013	13,182	12,255	1,004,472
Emergency services	-	-	-	93,260	-	-	-	-	93,260
Equipment maintenance	57,374	6,443	2,806	-	-	-	-	19,000	85,623
Other costs	540,686	981	164,251	11,643	-	9,367	31,223	64,275	823,871
In-kind expense	1,667,033	-	305,399	21,054	-	-	-	-	1,993,486
Total program services	12,776,171	73,087	944,977	293,596	11,926	217,488	229,594	386,837	14,995,846
Support services:									
General and administrative expenses	1,036,147	-	61,386	-	-	-	-	-	1,097,533
Total expenses	13,812,318	73,087	1,006,363	293,596	11,926	217,488	229,594	386,837	16,093,379
Changes in net assets	-	(37,360)	2,374	(4,456)	-	-	25,570	(122,153)	(136,025)
NET ASSETS									
Beginning	-	(84,747)	-	15,000	-	(15,509)	6,620	1,634,595	1,555,959
Transfer	-	-	-	-	-	-	(23,572)	23,572	-
Ending	\$ -	\$ (122,107)	\$ 2,374	\$ 10,544	\$ -	\$ (15,509)	\$ 8,618	\$ 1,536,014	\$ 1,419,934

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2015

	Head Start Program	Summer Feeding Program	Virginia Department of Social Services Programs	Redevelopment & Housing Programs	U. S. Housing & Urban Development	Childcare Program	Other Programs	OHA Agency Programs	Total
SUPPORT									
Grants awarded									
Federal government	\$ 12,437,217	\$ 237,684	\$ 564,759	\$ 36,660	\$ 27,631	\$ -	\$ 270,870	\$ -	\$ 13,574,821
State government	-	-	91,531	-	-	217,488	25,000	-	334,019
Local government	-	-	-	-	-	-	116,440	200,000	316,440
Private grants	-	-	17,500	15,000	-	-	35,000	-	67,500
Total support	12,437,217	237,684	673,790	51,660	27,631	217,488	447,310	200,000	14,292,780
REVENUE									
Donations	-	-	-	1,500	-	-	300	1,451	3,251
Interest income	-	-	-	-	-	-	-	1,696	1,696
Other revenue	16,160	-	247	-	-	-	-	99,366	115,773
In-kind revenue	1,401,034	-	296,191	23,454	-	-	26,705	-	1,747,384
Total revenue	1,417,194	-	296,438	24,954	-	-	27,005	102,513	1,868,104
Total unrestricted support and revenue	13,854,411	237,684	970,228	76,614	27,631	217,488	474,315	302,513	16,160,884
EXPENSES									
Program services:									
Salary and wages	6,365,694	69,508	305,496	26,425	22,237	172,973	208,084	139,989	7,310,406
Fringe benefits	2,007,341	9,195	114,379	6,864	3,383	44,769	44,600	48,213	2,278,744
Contractual	20,781	22,225	1,164	-	57	1,185	37,833	57,985	141,230
Travel	137,810	2,400	3,486	-	15	-	5,967	9,949	159,627
Rent	593,936	-	12,600	-	-	1,704	-	-	608,240
Building maintenance	261,057	-	27,778	3,088	-	-	-	26,999	318,922
Consumable supplies	1,202,870	125,736	14,446	1,517	282	4,253	5,876	12,516	1,367,496
Equipment maintenance	7,812	17,025	-	-	-	-	4,551	-	29,388
Other costs	623,061	2,978	118,585	266	1,657	8,113	104,711	59,633	919,004
In-kind expense	1,401,034	-	296,191	23,454	-	-	26,705	-	1,747,384
Total program services	12,621,396	249,067	894,125	61,614	27,631	232,997	438,327	355,284	14,880,441
Support services:									
General and administrative expenses	1,225,496	-	76,103	-	-	-	12,348	-	1,313,947
Total expenses	13,846,892	249,067	970,228	61,614	27,631	232,997	450,675	355,284	16,194,388
Changes in net assets	7,519	(11,383)	-	15,000	-	(15,509)	23,640	(52,771)	(33,504)
NET ASSETS									
Beginning	(7,519)	(73,364)	-	-	-	-	14,800	1,655,546	1,589,463
Transfer	-	-	-	-	-	-	(31,820)	31,820	-
Ending	\$ -	\$ (84,747)	\$ -	\$ 15,000	\$ -	\$ (15,509)	\$ 6,620	\$ 1,634,595	\$ 1,555,959

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Statements of Cash Flows

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (136,025)	\$ (33,504)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net changes in assets and liabilities:		
Prepaid expense	10,905	(9,959)
Grants receivable	(75,138)	(28,270)
Accounts receivable	-	4,034
Accounts payable	111,543	(237,961)
Accrued salaries	(24,443)	7,681
Accrued annual leave	(6,508)	(1,347)
Net cash provided by (used in) operating activities	<u>(119,666)</u>	<u>(299,326)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	<u>(1,641)</u>	<u>(1,696)</u>
Net increase (decrease) in cash	(121,307)	(301,022)
CASH		
Beginning	<u>771,608</u>	<u>1,072,630</u>
Ending	<u>\$ 650,301</u>	<u>\$ 771,608</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Purchases of fixed assets which are expensed	<u>\$ 106,450</u>	<u>\$ 143,005</u>

See accompanying notes.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Hampton Roads Community Action Program, Inc. (HRCAP), formerly known as the Office of Human Affairs, Inc., is a nonprofit Organization organized to carry out community action programs, which are generally funded by grants from Federal, State and local governments.

A description of the activities of HRCAP follows:

Head Start and Early Head Start Programs	The Head Start and Early Head Start programs provide comprehensive health, educational, nutritional, social, and other developmental services to preschool children, infants and toddlers.
Summer Feeding Program	The Summer Feeding Program provides meals to youth ages 1 through 18 during the summer months similar to those offered under the National School Lunch and School Breakfast programs during the school year.
Virginia Department of Social Services Programs	<p>The Community Services Block Grants provide administrative costs to operate other programs offered by HRCAP as well as the Senior Center, which encourages participation in recreational, educational, nutritional and cultural activities.</p> <p>The Project Discovery program assists middle and high school students to reach a higher level of personal motivation and assists in setting and achieving educational goals.</p> <p>The Virginia Cares program assists individuals recently released from the prison system to gain re-entry into society.</p>
Redevelopment & Housing Programs	<p>The Fair Housing program receives, examines and inquires into alleged violations of the City's Fair Housing ordinance.</p> <p>The Housing Counseling program provides home ownership education including qualifying and applying for a loan, debt and money management, budgeting and default counseling.</p> <p>The Labor Compliance program assists the City in meeting required program compliance by reviewing all construction contracts and monitors payroll activities.</p> <p>The Minority Business program offers workshops and seminars for small minority business owners.</p> <p>The Clean Comfort program provides a shelter with shower facilities, clean clothing and health care screening for the homeless population.</p>

(Continued)

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Department of Veterans Affairs	The Supportive Services for Veterans' Families Program assists low income veterans and their families with housing needs.
Housing and Urban Development	The Housing and Urban Development and Emergency Shelter grants are used to fund housing counseling, fair housing initiatives, and shelter programs.
Childcare Programs	The Childcare program is the four-Year Old Initiative Program.
Other Programs	<p>The Work Experience program is a work and training activity where low-income recipients gain experience through on-the-job training.</p> <p>The Riverside Teen Moms Support Group program addresses the needs of pregnant teens to reduce infant mortality.</p> <p>VHDA Reach is a program designed to help Virginians attain quality affordable housing.</p> <p>The Wells Fargo Career Development/Training and Employment Program provide low-income individuals with short-term career education programs in various fields.</p> <p>The Human Rights Commission safeguards individuals from unlawful discrimination.</p> <p>The Virginia Community Action Partnership program provides money to hire individuals to assist with individual income tax returns and assists taxpayers in claiming the earned income tax credit.</p>
HRCAP Agency Program	HRCAP Agency program provides administrative services to all of the programs.

(Continued)

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk

Financial instruments, which potentially subject the entity to concentrations of credit risk, consist of cash and money market funds. The entity places its cash and money market funds with creditworthy, high-quality financial institutions. While a significant portion of the funds are in excess of federal depository insurance limits, the Organization has not experienced any losses in such accounts.

Investments

Investments consist of funds held in a money market. The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Fixed Assets

All fixed assets are recorded at cost or estimated fair value at date of donation. It is OHA's policy to capitalize expenditures for items in excess of \$500 with the exception of fixed assets purchased with federal money, which are capitalized if they are in excess of \$5,000 with an offsetting valuation allowance established at the time they are recorded as fixed assets.

Public Support and Revenue

Grants and other 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 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 statement of activities as net assets released from restrictions. Donor-restricted contributions, whose restrictions are met in the same year, are reported as unrestricted contributions.

Donated services, facilities and materials are recognized at their fair market value as in-kind revenue in the year donated.

Government Support

Grant revenue provided by the federal, state and local governments and agencies as well as local contributions represent approximately 99% of the revenue and support, exempting in-kind revenue. Any significant reduction in the level of this support could have a negative impact on the entity's programs.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been reported on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

(Continued)

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the relevant period. Actual results could differ from the estimates. HRCAP uses estimates and assumptions to develop grants receivable and in-kind revenue and expense.

Income Taxes

HRCAP is a nonprofit entity exempt from federal income taxes under the provisions of Section 501(c) (3) of the Internal Revenue Code.

The Organization has adopted the provisions of FASB ASC 740-10-25, which require that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions.

Advertising

Advertising costs are expensed when incurred.

NOTE 2. CONCENTRATION OF CREDIT RISK

The Organization maintains multiple accounts at one bank. The Federal Deposit Insurance Corporation (FDIC) insures amounts in financial institutions up to \$250,000 for 2016 and 2015. During the year, cash exceeded federally insured limits. Amounts in excess of the FDIC limit totaled \$688,768 and \$864,517 as of June 30, 2016 and 2015, respectively.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 3. GRANTS RECEIVABLE

Grants receivable are composed of the following amounts:

	June 30,	
	2016	2015
Head Start	\$ 710,518	\$ 551,742
Department of Veteran Affairs	32,105	19,752
Summer Feeding	-	26,354
CSBG Federal	179,985	222,894
CSBG TANF	8,034	6,677
USDA (VA Department of Health)	39,550	49,087
Work Experience	10,880	7,820
City of Newport News	37,500	37,500
Virginia Cares	23,497	7,866
Human Rights Commission	2,250	2,250
Housing Counseling	5,578	-
Fair Housing	3,210	-
Clean Comfort	906	-
Wells Fargo	-	20,000
VHDA HUD	-	7,631
VHDA Reach	6,044	12,500
Project Discovery	5,130	3,886
IRS VITA	910	-
Riverside Hospital Services	-	15,000
	<u>\$ 1,066,097</u>	<u>\$ 990,959</u>

NOTE 4. OPERATING LEASES

HRCAP currently is leasing office space and equipment. For the years ended June 30, 2016 and 2015, rent expense under these leases totaled \$618,018 and \$608,240, respectively.

The total minimum rental commitments under the terms of the long-term leases at June 30 are as follows:

2016	\$ 355,164
2017	153,891
2018	109,008
2019	102,708
2020	96,408
Thereafter	<u>88,374</u>
	<u>\$ 905,553</u>

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 5. RETIREMENT PLAN

The retirement plan is a tax-sheltered annuity under Section 403(b) of the Internal Revenue Service code. The contribution rate by HRCAP is a three percent (3%) match up to 3% of employees' salaries. All employees with one year of service are eligible to participate. Contributions to the plan by HRCAP and the employees are made to a Trustee. HRCAP's contributions on behalf of its employees for the years ended June 30, 2016 and 2015 were \$86,583 and \$86,834, respectively.

NOTE 6. LINE OF CREDIT

HRCAP maintains a line of credit of \$150,000 with a bank at a rate to be determined when the funds are borrowed. At June 30, 2016 and 2015, HRCAP had no outstanding balances on this credit line. The line of credit is automatically renewed annually.

NOTE 7. CONTINGENT LIABILITIES

Federal programs in which the Organization participates were audited in accordance with the provisions of the U.S. Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of the Uniform Guidance, Federal programs were tested for compliance with applicable grant requirements. While matters of noncompliance were not disclosed by audit, the Federal government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant expenditures would be immaterial.

NOTE 8. SPECIAL EVENTS

HRCAP Agency Program's Statement of Activity includes the 2016 Annual Dinner which had revenues of \$40,391 and expenses of \$36,013 for a net profit of \$4,378. The Project Discovery Programs Statement of Activity includes a fashion show which had revenues of \$3,962 with all expenses donated for a net profit of \$3,962.

NOTE 9. SUBSEQUENT EVENTS

On November 12, 2015, a defamation lawsuit was filed against the Agency by a former employee. HRCAP was named as a co-defendant in that suite which sought \$10 million in compensatory damages. The lawsuit was voluntarily dismissed in June 2016 by the former employee. Subsequently, the former employee refiled a similar claim against the Agency. The Agency's attorneys are litigating the suit and management intends to actively defend the claim. While the Agency has a general liability insurance policy with coverage limits in the amount of \$5 million, the Agency and its attorneys cannot estimate the likelihood of an unfavorable outcome or a possible range of loss at the date of this report.

Management evaluated subsequent events through January 26, 2017, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
HEAD START AND EARLY HEAD START PROGRAMS

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2016 and 2015

	For the 11 Months Ended 5/31/2016	For the 1 Month Ended 6/30/2016	Total	2015 Summarized Total
SUPPORT				
Grants awarded:				
Federal government	\$ 11,165,245	\$ 933,383	\$ 12,098,628	\$ 12,437,217
Total support	<u>11,165,245</u>	<u>933,383</u>	<u>12,098,628</u>	<u>12,437,217</u>
REVENUE				
Other revenue	46,657	-	46,657	16,160
In-kind revenue	<u>1,667,033</u>	<u>-</u>	<u>1,667,033</u>	<u>1,401,034</u>
Total revenue	<u>1,713,690</u>	<u>-</u>	<u>1,713,690</u>	<u>1,417,194</u>
Total unrestricted support and revenue	<u>12,878,935</u>	<u>933,383</u>	<u>13,812,318</u>	<u>13,854,411</u>
EXPENSES				
Program services:				
Salary and wages	5,744,463	623,715	6,368,178	6,365,694
Fringe benefits	1,942,456	158,838	2,101,294	2,007,341
Contractual	77,018	2,858	79,876	20,781
Travel	238,468	12,800	251,268	137,810
Rent	550,554	50,305	600,859	593,936
Building maintenance	183,871	11,966	195,837	261,057
Consumable supplies	881,297	32,469	913,766	1,202,870
Equipment maintenance	57,374	-	57,374	7,812
Other costs	500,254	40,432	540,686	623,061
In-kind expense	<u>1,667,033</u>	<u>-</u>	<u>1,667,033</u>	<u>1,401,034</u>
Total program services	11,842,788	933,383	12,776,171	12,621,396
Support services:				
General and administrative expenses	<u>1,036,147</u>	<u>-</u>	<u>1,036,147</u>	<u>1,225,496</u>
Total expenses	<u>12,878,935</u>	<u>933,383</u>	<u>13,812,318</u>	<u>13,846,892</u>
Changes in net assets	-	-	-	7,519
NET ASSETS				
Beginning	-	-	-	(7,519)
Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
SUMMER FEEDING PROGRAM
 Statements of Activities and Changes in Net Assets
 Years Ended June 30, 2016 and 2015

	<u>July - August 2015 Total</u>	<u>2015 Summarized Total</u>
SUPPORT		
Grants awarded:		
Federal government	\$ 35,727	\$ 237,684
Total unrestricted support and revenue	<u>35,727</u>	<u>237,684</u>
EXPENSES		
Program services:		
Salary and wages	21,343	69,508
Fringe benefits	2,897	9,195
Contractual	55	22,225
Travel	910	2,400
Consumable supplies	40,458	125,736
Equipment maintenance/rent	6,443	17,025
Other costs	<u>981</u>	<u>2,978</u>
Total program services	<u>73,087</u>	<u>249,067</u>
Changes in net assets	(37,360)	(11,383)
NET ASSETS		
Beginning	(84,747)	(73,364)
Transfer	<u>-</u>	<u>-</u>
Ending	<u>\$ (122,107)</u>	<u>\$ (84,747)</u>

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
VIRGINIA DEPARTMENT OF SOCIAL SERVICES PROGRAMS

Statements of Activities and Changes in Net Assets
 Years Ended June 30, 2016 and 2015

	Federal CSBG	Federal TANF	Project Discovery	Virginia Cares	Total	2015 Summarized Total
SUPPORT						
Grants awarded:						
Federal government	\$ 440,692	\$ 87,200	\$ -	\$ -	\$ 527,892	\$ 564,759
State government	-	-	30,000	111,284	141,284	91,531
Private grants	-	-	30,000	-	30,000	17,500
Total support	440,692	87,200	60,000	111,284	699,176	673,790
REVENUE						
Other revenue	-	-	3,962	200	4,162	247
In-kind revenue	189,307	55,474	60,618	-	305,399	296,191
Total revenue	189,307	55,474	64,580	200	309,561	296,438
Total unrestricted support and revenue	629,999	142,674	124,580	111,484	1,008,737	970,228
EXPENSES						
Program services:						
Salary and wages	145,564	20,795	36,762	64,192	267,313	305,496
Fringe benefits	62,166	6,105	3,924	24,090	96,285	114,379
Contractual	41,782	-	437	261	42,480	1,164
Travel	2,005	-	105	1,784	3,894	3,486
Rent	11,900	-	-	700	12,600	12,600
Building maintenance	32,843	-	-	57	32,900	27,778
Consumable supplies	13,485	-	800	2,764	17,049	14,446
Equipment maintenance	-	-	-	2,806	2,806	-
Other costs	69,561	60,300	19,560	14,830	164,251	118,585
In-kind expense	189,307	55,474	60,618	-	305,399	296,191
Total program services	568,613	142,674	122,206	111,484	944,977	894,125
Support services:						
General and administrative expenses	61,386	-	-	-	61,386	76,103
Total expenses	629,999	142,674	122,206	111,484	1,006,363	970,228
Changes in net assets	-	-	2,374	-	2,374	-
NET ASSETS						
Beginning	-	-	-	-	-	-
Ending	\$ -	\$ -	\$ 2,374	\$ -	\$ 2,374	\$ -

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
REDEVELOPMENT & HOUSING PROGRAMS**

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2016 and 2015

	Fair Housing	Housing Counseling	Labor Compliance	Minority Business	Clean Comfort	Total	2015 Summarized Total
SUPPORT							
Grants awarded:							
Federal government	\$ 8,000	\$ 12,160	\$ -	\$ -	\$ 16,500	\$ 36,660	\$ 36,660
Private grants	-	-	-	-	-	-	15,000
Total support	8,000	12,160	-	-	16,500	36,660	51,660
REVENUE							
Other income	-	-	-	-	-	-	1,500
In-kind revenue	-	-	-	-	21,054	21,054	23,454
Total revenue	-	-	-	-	21,054	21,054	24,954
Total unrestricted support and revenue	8,000	12,160	-	-	37,554	57,714	76,614
EXPENSES							
Program services:							
Salary and wages	6,899	10,486	-	-	12,699	30,084	26,425
Fringe benefits	1,101	1,674	-	-	4,335	7,110	6,864
Building maintenance	-	-	-	-	1,389	1,389	3,088
Consumable supplies	-	-	-	-	1,088	1,088	1,517
Other costs	-	-	-	-	1,445	1,445	266
In-kind expense	-	-	-	-	21,054	21,054	23,454
Total program services	8,000	12,160	-	-	42,010	62,170	61,614
Changes in net assets	-	-	-	-	(4,456)	(4,456)	15,000
NET ASSETS							
Beginning	-	-	-	-	15,000	15,000	-
Ending	\$ -	\$ -	\$ -	\$ -	\$ 10,544	\$ 10,544	\$ 15,000

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
DEPARTMENT OF VETERANS AFFAIRS
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2016 and 2015

	<u>Veteran Families Program</u>	<u>Supportive Services Veterans Families</u>	<u>Total</u>
SUPPORT			
Grants awarded:			
Federal government	\$ 77,448	\$ 215,998	\$ 293,446
REVENUE			
Donations	<u>-</u>	<u>150</u>	<u>150</u>
Total unrestricted support and revenue	<u>77,448</u>	<u>216,148</u>	<u>293,596</u>
EXPENSES			
Program services:			
Salary and wages	39,170	115,803	154,973
Fringe benefits	8,649	20,638	29,287
Contractual	-	600	600
Travel	390	782	1,172
Consumable supplies	1,020	1,641	2,661
Emergency Assistance	25,328	67,932	93,260
Other costs	<u>2,891</u>	<u>8,752</u>	<u>11,643</u>
Total program services	<u>77,448</u>	<u>216,148</u>	<u>293,596</u>
Changes in net assets	-	-	-
NET ASSETS			
Beginning	-	-	-
Transfer	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
U. S. HOUSING & URBAN DEVELOPMENT
 Statements of Activities and Changes in Net Assets
 Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015 Summarized Total</u>
SUPPORT		
Grants awarded:		
Federal government	\$ 11,926	\$ 27,631
Total unrestricted support	<u>11,926</u>	<u>27,631</u>
EXPENSES		
Program services:		
Salary and wages	10,810	22,237
Fringe benefits	1,116	3,383
Contractual	-	57
Travel	-	15
Consumable supplies	-	282
Other costs	-	1,657
Total program services	<u>11,926</u>	<u>27,631</u>
Changes in net assets	-	-
NET ASSETS		
Beginning	<u>-</u>	<u>-</u>
Ending	<u>\$ -</u>	<u>\$ -</u>

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
CHILDCARE PROGRAM

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
SUPPORT		
Grants awarded:		
State government	\$ 217,488	\$ 217,488
 EXPENSES		
Program services:		
Salary and wages	158,538	172,973
Fringe benefits	44,745	44,769
Contractual	825	1,185
Rent	-	1,704
Consumable supplies	4,013	4,253
Other costs	<u>9,367</u>	<u>8,113</u>
Total program services	<u>217,488</u>	<u>232,997</u>
Changes in net assets	-	(15,509)
 NET ASSETS		
Beginning	<u>(15,509)</u>	<u>-</u>
Ending	<u>\$ (15,509)</u>	<u>\$ (15,509)</u>

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
OTHER PROGRAMS**

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2016 and 2015

	Work Experience 2016	VITA	VHDA Reach	Wells Fargo		Human Rights Commission	VA Community Action Partnership	Emergency Food and Shelter	Riverside Teen Moms	Total	2015 Summarized Total
				Career Development	Development						
SUPPORT											
Grants awarded:											
Federal government	\$ -	\$ 23,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,500	\$ 270,870
State government	-	-	25,000	-	-	-	-	-	-	25,000	25,000
Local government	104,720	-	-	-	9,000	-	-	-	-	113,720	116,440
Private grants	-	-	-	-	-	-	10,000	680	82,153	92,833	35,000
Total support	104,720	23,500	25,000	-	9,000	-	10,000	680	82,153	255,053	447,310
REVENUE											
Donations	-	-	-	-	-	-	-	-	111	111	300
In-kind revenue	-	-	-	-	-	-	-	-	-	-	26,705
Total unrestricted support and revenue	104,720	23,500	25,000	-	9,000	-	10,000	680	82,264	255,164	474,315
EXPENSES											
Program services:											
Salary and wages	54,752	5,265	13,059	-	6,752	-	1,963	-	49,775	131,566	208,084
Fringe benefits	17,490	1,218	3,115	-	1,409	-	629	-	7,949	31,810	44,600
Contractual	224	-	545	6,000	-	-	-	-	49	6,818	37,833
Travel	2,975	3,004	280	-	-	-	522	-	2,786	9,567	5,967
Rent	-	-	-	-	-	-	-	-	4,003	4,003	-
Building maintenance	-	-	1,303	-	122	-	-	-	-	1,425	-
Consumable supplies	3,127	2,192	2,050	-	267	-	1,145	-	4,401	13,182	5,876
Equipment Maintenance	-	-	-	-	-	-	-	-	-	-	4,551
Other costs	2,580	11,821	4,648	-	450	-	6,261	680	4,783	31,223	104,711
In-kind expenses	-	-	-	-	-	-	-	-	-	-	26,705
Total program services	81,148	23,500	25,000	6,000	9,000	-	10,520	680	73,746	229,594	438,327
Support services:											
General and administrative expenses	-	-	-	-	-	-	-	-	-	-	12,348
Total expenses	81,148	23,500	25,000	6,000	9,000	-	10,520	680	73,746	229,594	450,675
Changes in net assets	23,572	-	-	(6,000)	-	-	(520)	-	8,518	25,570	23,640
NET ASSETS											
Beginning	-	-	-	-	-	-	620	-	-	6,620	14,800
Transfer	(23,572)	-	-	-	-	-	-	-	-	(23,572)	(31,820)
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ 8,518	\$ 8,618	\$ 6,620

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

HRCAP AGENCY PROGRAMS

Statements of Activities and Changes in Net Assets

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
SUPPORT		
Grants awarded:		
Local government	\$ 200,000	\$ 200,000
Total support	<u>200,000</u>	<u>200,000</u>
REVENUE		
Donations	2,947	1,451
Interest income	1,641	1,696
Other revenue	<u>60,096</u>	<u>99,366</u>
Total revenue	<u>64,684</u>	<u>102,513</u>
Total unrestricted support and revenue	<u>264,684</u>	<u>302,513</u>
EXPENSES		
Program services:		
Salary and wages	55,690	139,989
Fringe benefits	13,398	48,213
Contractual	197,110	57,985
Travel	7,703	9,949
Rent	556	-
Building maintenance	16,850	26,999
Consumable supplies	12,255	12,516
Equipment maintenance	19,000	-
Other costs	<u>64,275</u>	<u>59,633</u>
Total program services	<u>386,837</u>	<u>355,284</u>
Changes in net assets	(122,153)	(52,771)
NET ASSETS		
Beginning	1,634,595	1,655,546
Transfer	<u>23,572</u>	<u>31,820</u>
Ending	<u>\$ 1,536,014</u>	<u>\$ 1,634,595</u>

COMPLIANCE SECTION

A. ROHM, SMITH & COMPANY

Certified Public Accountants and Consultants

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
Hampton Roads Community Action Program, Inc.
Newport News, Virginia

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 the Hampton Roads Community Action Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statement 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 January 26, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hampton Roads Community Action Program 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 the Hampton Roads Community Action Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the Hampton Roads Community Action Program 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A. Rohm, Smith & Company

Newport News, Virginia

January 26, 2017

A. ROHM, SMITH & COMPANY

Certified Public Accountants and Consultants

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

To the Board of Directors
Hampton Roads Community Action Program, Inc.
Newport News, Virginia

Report on Compliance for Each Major Federal Program

We have audited the Hampton Roads Community Action Program 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 its major federal programs for the year ended June 30, 2016. The Hampton Roads Community Action Program's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Hampton Roads Community Action Program 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 the Hampton Roads Community Action Program 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 on Hampton Roads Community Action Program Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, the Hampton Roads Community Action Program, 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 June 30, 2016.

Report on Internal Control over Compliance

Management of the Hampton Roads Community Action Program, 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 the Hampton Roads Community Action Program 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 the Hampton Roads Community Action Program, 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.

A. Rohrer, Smith & Company

Newport News, Virginia

January 26, 2017

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Hampton Roads Community Action Program, Inc. under programs of the federal government for the year ended June 30, 2016. 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 Schedule presents only a selected portion of the operations of Hampton Roads Community Action Program, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hampton Roads Community Action Program, Inc.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Hampton Roads Community Action Program, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance

Pass-through entity identifying numbers are presented where available.

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:		
<u>Direct programs:</u>		
Head Start and Early Head Start Programs *	93.600	\$ 11,191,082
<u>Pass-through programs from:</u>		
Commonwealth of Virginia:		
Community Services Block Grant	93.569	440,692
Temporary Assistance for Needy Families	93.558	<u>87,200</u>
Total U.S. Department of Health and Human Services		<u>11,718,974</u>
 U.S. Department of Agriculture:		
<u>Pass-through programs from:</u>		
Virginia Department of Health:		
Summer Food Service for Children	10.559	35,727
Child and Adult Food Care Program *	10.558	<u>907,546</u>
Total U. S. Department of Agriculture		<u>943,273</u>
 Department of Housing and Urban Development:		
<u>Pass-through programs from:</u>		
Newport News Redevelopment and Housing Authority:		
Clean Comfort	14.218	16,500
Fair Housing Initiative Program	14.218	8,000
Housing Counseling Assistance Program	14.218	12,160
<u>Pass-through program from:</u>		
Virginia Housing Development Authority:		
Housing Counseling Assistance Program	14.218	<u>11,926</u>
Total Department of Housing and Urban Development		<u>48,586</u>
 Department of Veterans' Affairs		
<u>Direct program:</u>		
Veterans' Families Program	64.033	<u>293,446</u>
 Department of the Treasury		
<u>Direct program:</u>		
VITA	21.009	<u>23,500</u>
Total expenditures of federal awards		<u>\$ 13,027,779</u>

* Major Programs

See Notes to the Schedule of Expenditures of Federal Awards

HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses a qualified opinion on the financial statements of Hampton Roads Community Action Program, Inc.
2. No instances of significant deficiencies in internal control were disclosed in the audit of the financial statements of Hampton Roads Community Action Program, Inc.
3. No instances of noncompliance material to the financial statements of Hampton Roads Community Action Program, Inc. were disclosed in the audit of the financial statements.
4. The auditor issued an unqualified opinion on compliance for major programs.
5. No instances of significant deficiencies or in internal control over major federal programs for Hampton Roads Community Action Program, Inc. were disclosed in the audit of the financial statements.
6. The auditor disclosed no audit findings relating to the major programs that were tested.
7. The program tested as major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start and Early Head Start
10.558	Child and Adult Food Care Program

8. The dollar threshold used to distinguish between Type A and B programs was \$750,000.
9. Hampton Roads Community Action Program was determined to be a low-risk auditee.

FINDINGS RELATIVE TO THE FINANCIAL STATEMENTS AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

None

FINDINGS AND QUESTIONED COSTS RELATIVE TO MAJOR FEDERAL AWARD PROGRAMS

None