

***Hampton Roads Community  
Action Program, Inc.***

FINANCIAL REPORT  
JUNE 30, 2020 AND 2019

# *Hampton Roads Community Action Program, Inc.*

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## 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 statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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 this 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, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information, which is summarized for the year ended June 30, 2020, 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 audits 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 December 28, 2020, on our consideration of the Hampton Roads Community Action Program, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

*A. Robm, Smith & Company*

Newport News, Virginia

January 26, 2021

## **FINANCIAL STATEMENTS**

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Statements of Financial Position

June 30, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 2,950,434	\$ 1,725,748
Accounts receivable	370	10,000
Grants receivable	1,242,541	1,067,417
Total current assets	<u>4,193,345</u>	<u>2,803,165</u>
<b>FIXED ASSETS</b>		
Automotive equipment	1,993,865	2,060,305
Equipment	824,713	646,174
Real estate	554,316	554,316
Furniture & fixtures	435,239	435,239
Leasehold improvements	250,000	250,000
	<u>4,058,133</u>	<u>3,946,034</u>
Accumulated depreciation	<u>(4,058,133)</u>	<u>(3,946,034)</u>
Total fixed assets	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,193,345</u>	<u>\$ 2,803,165</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 170,617	\$ 522,749
Accrued salaries	422,508	390,797
Accrued annual leave	265,996	200,746
Payroll protection program loan - current portion	768,431	-
Total current liabilities	1,627,552	1,114,292
<b>LONG-TERM LIABILITIES</b>		
Payroll protection program loan - net of current portion	<u>1,231,569</u>	<u>-</u>
Total liabilities	2,859,121	1,114,292
<b>NET ASSETS</b>		
Without donor restrictions	1,213,192	1,289,211
With donor restrictions	<u>121,032</u>	<u>399,662</u>
Total net assets	<u>1,334,224</u>	<u>1,688,873</u>
Total liabilities and net assets	<u>\$ 4,193,345</u>	<u>\$ 2,803,165</u>

See accompanying notes.

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

Statements of Activities

Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT</b>						
<u>Grants awarded</u>						
Federal	\$ -	\$ 14,403,995	\$ 14,403,995	\$ -	\$ 14,352,306	\$ 14,352,306
State	-	422,808	422,808	-	515,745	515,745
Local	200,000	1,126,828	1,326,828	200,000	563,240	763,240
Private grants	107,751	295,177	402,928	63,365	195,860	259,225
Total support	<u>307,751</u>	<u>16,248,808</u>	<u>16,556,559</u>	<u>263,365</u>	<u>15,627,151</u>	<u>15,890,516</u>
 <u>Revenue</u>						
Donations	23,671	26,721	50,392	27,256	240	27,496
Interest income	315	-	315	506	-	506
Other revenue	202,421	113,664	316,085	200,553	10,036	210,589
In-kind revenue	-	1,678,392	1,678,392	-	2,136,383	2,136,383
Total revenue	<u>226,407</u>	<u>1,818,777</u>	<u>2,045,184</u>	<u>228,315</u>	<u>2,146,659</u>	<u>2,374,974</u>
 Total support and revenue	<u>534,158</u>	<u>18,067,585</u>	<u>18,601,743</u>	<u>491,680</u>	<u>17,773,810</u>	<u>18,265,490</u>

See accompanying notes.



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

Statements of Activities

Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>EXPENSES</b>						
<u>Program services</u>						
Head Start/Early Head Start	\$ -	\$ 13,027,512	\$ 13,027,512	\$ -	\$ 13,934,546	\$ 13,934,546
VA. Department of Social Services	-	1,167,376	1,167,376	-	1,179,299	1,179,299
Redevelopment and Housing	-	46,015	46,015	-	41,242	41,242
Department of Veterans Affairs	-	263,229	263,229	-	240,169	240,169
U.S. Housing & Urban Development	-	37,258	37,258	-	26,779	26,779
Childcare	-	146,058	146,058	-	159,336	159,336
Other	-	2,266,602	2,266,602	-	645,836	645,836
HRCAP Agency	610,177	-	610,177	652,782	-	652,782
Total program services	610,177	16,954,050	17,564,227	652,782	16,227,207	16,879,989
<u>Support services</u>						
Management and General	-	1,392,165	1,392,165	-	1,248,570	1,248,570
Total expenses	610,177	18,346,215	18,956,392	652,782	17,475,777	18,128,559
Changes in net assets	(76,019)	(278,630)	(354,649)	(161,102)	298,033	136,931
<b>NET ASSETS</b>						
Beginning	1,289,211	399,662	1,688,873	1,450,313	101,629	1,551,942
Ending	\$ 1,213,192	\$ 121,032	\$ 1,334,224	\$ 1,289,211	\$ 399,662	\$ 1,688,873

See accompanying notes.

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.**  
Statement of Functional Expenses  
Year Ended June 30, 2020

	Program Services								Support Services		
	Head Start / Early Head Start	VA. Department of Social Services	Redevelopment and Housing	Department of Veteran Affairs	U.S. Housing & Urban Development	Childcare	Other	HRCAP Agency	Subtotal	Management and General	Total
Salaries	\$ 7,053,743	\$ 536,286	\$ 36,945	\$ 147,114	\$ 25,939	\$ 105,083	\$ 814,404	\$ 164,742	\$ 8,884,256	\$ 935,433	\$ 9,819,689
Fringe benefits	1,812,848	161,578	8,222	34,796	9,966	30,735	245,666	6,171	2,309,982	276,030	2,586,012
Contractual	39,835	29,005	35	-	(62)	2,027	46,457	57,926	175,223	35,423	210,646
Travel	82,061	6,768	-	885	-	-	13,339	10,033	113,086	1,146	114,232
Rent	624,658	22,300	-	-	-	-	9,707	23,965	680,630	36,338	716,968
Building maintenance	269,392	15,658	-	-	-	-	15,226	52,443	352,719	-	352,719
Consumable supplies	760,195	30,125	490	5,988	-	2,286	144,719	100,442	1,044,245	54,700	1,098,945
Emergency services	-	52,194	-	65,355	-	-	-	1,050	118,599	-	118,599
Equipment Maintenance	139,915	-	-	-	-	-	93,787	17,332	251,034	-	251,034
Other costs	803,589	76,346	323	9,091	1,415	5,927	883,297	176,073	1,956,061	53,095	2,009,156
In-kind expense	1,441,276	237,116	-	-	-	-	-	-	1,678,392	-	1,678,392
<b>Total expenses</b>	<b>\$ 13,027,512</b>	<b>\$ 1,167,376</b>	<b>\$ 46,015</b>	<b>\$ 263,229</b>	<b>\$ 37,258</b>	<b>\$ 146,058</b>	<b>\$ 2,266,602</b>	<b>\$ 610,177</b>	<b>\$ 17,564,227</b>	<b>\$ 1,392,165</b>	<b>\$ 18,956,392</b>

See accompanying notes.

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.**  
Statement of Functional Expenses  
Year Ended June 30, 2019

	Program Services								Support	Total	
	Head Start / Early Head Start	VA. Department of Social Services	Redevelopment and Housing	Department of Veteran Affairs	U.S. Housing & Urban Development	Childcare	Other	HRCAP Agency	Subtotal		Management and General
Salaries	\$ 6,921,827	\$ 494,987	\$ 25,718	\$ 111,268	\$ 20,112	\$ 117,514	\$ 191,380	\$ 207,180	\$ 8,089,986	\$ 840,248	\$ 8,930,234
Fringe benefits	2,016,041	145,314	8,909	21,415	4,985	29,269	33,359	27,967	2,287,259	249,120	2,536,379
Contractual	127,117	46,161	-	-	400	1,073	29,517	91,368	295,636	9,176	304,812
Travel	92,252	17,935	-	1,772	-	-	7,619	15,218	134,796	6,427	141,223
Rent	624,874	12,750	-	-	-	-	3,065	23,205	663,894	40,846	704,740
Building maintenance	344,570	13,954	1,455	-	-	-	1,000	53,388	414,367	-	414,367
Consumable supplies	1,200,880	6,439	253	2,112	-	2,923	21,540	40,172	1,274,319	54,472	1,328,791
Emergency services	-	102,439	-	92,144	-	-	1,650	-	196,233	-	196,233
Equipment Maintenance	35,442	5,100	-	-	-	-	-	43,987	84,529	-	84,529
Other costs	760,430	60,304	165	11,458	1,282	8,557	310,093	150,297	1,302,586	48,281	1,350,867
In-kind expense	1,811,113	273,916	4,742	-	-	-	46,613	-	2,136,384	-	2,136,384
<b>Total expenses</b>	<b>\$ 13,934,546</b>	<b>\$ 1,179,299</b>	<b>\$ 41,242</b>	<b>\$ 240,169</b>	<b>\$ 26,779</b>	<b>\$ 159,336</b>	<b>\$ 645,836</b>	<b>\$ 652,782</b>	<b>\$ 16,879,989</b>	<b>\$ 1,248,570</b>	<b>\$ 18,128,559</b>

See accompanying notes.

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

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>CASH FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (354,649)	\$ 136,931
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net changes in assets and liabilities:		
Grants receivable	(175,124)	(448,281)
Accounts receivable	9,630	4,453
Accounts payable	(352,132)	129,070
Accrued salaries	31,711	46,139
Accrued annual leave	65,250	26,910
	<u>(775,314)</u>	<u>(104,778)</u>
Net cash used in operating activities		
<b>CASH FROM FINANCING ACTIVITIES</b>		
Proceeds from payroll protection program loan	<u>2,000,000</u>	<u>-</u>
Net cash provided by financing activities	<u>2,000,000</u>	<u>-</u>
Net (decrease) increase in cash	1,224,686	(104,778)
<b>CASH</b>		
Beginning	<u>1,725,748</u>	<u>1,830,526</u>
Ending	<u>\$ 2,950,434</u>	<u>\$ 1,725,748</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE</b>		
Purchases of fixed assets which are expensed	<u>\$ 289,732</u>	<u>\$ 227,114</u>

See accompanying notes.

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Notes to Financial Statements

June 30, 2020 and 2019

### NOTE 1. NATURE OF BUSINESS

#### *Nature of Activities*

Hampton Roads Community Action Program, Inc. (HRCAP) 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.
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 Federal TANF workforce development provides job readiness, training and placement assistance to TANF eligible low-income residents in Newport News.</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 Domestic Violence Education and Intervention program serves at-risk residents in the Virginia cities of Newport News, Hampton, Norfolk, Portsmouth, and Chesapeake by providing education, advocacy, and counseling.</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 about 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 Clean Comfort program provides a shelter with shower facilities, clean clothing and health care screening for the homeless population.</p>

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Notes to Financial Statements

June 30, 2020 and 2019

**NOTE 1. NATURE OF BUSINESS (Continued)**

Department of Veterans Affairs	The Supportive Services for Veterans' Families Program assists low income veterans and their families with housing needs.
U.S. Housing and Urban Development	The Housing and Urban Development grant is 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 Teen Moms Support Group program addresses the needs of pregnant teens to reduce infant mortality.</p> <p>Virginia Housing Development Authority 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> <p>CNI (Choice Neighborhood Initiatives) Lift and connect program is a resource center for residents of the Marshall Ridley neighborhood that will assist with housing relocation and provide access or referrals to other services.</p> <p>STEP (Summer Training Enrichment Program) provides job readiness training and on-the-job training opportunities to youth.</p> <p>Employment for TANF participants program provides job readiness, training, and placement assistance to TANF eligible low-income residents of Newport News.</p>
HRCAP Agency Programs	HRCAP Agency programs provide administrative services to all of the programs.

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Notes to Financial Statements

June 30, 2020 and 2019

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### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Presentation*

Other than the treatment of fixed assets purchased with Federal money, the financial statements of Hampton Roads Community Action Program, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Hampton Roads Community Action Program, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Hampton Roads Community Action Program, Inc.'s management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Hampton Roads Community Action Program, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### *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.

The Organization maintains multiple accounts at one high credit quality bank. The Federal Deposit Insurance Corporation (FDIC) insures amounts in financial institutions up to \$250,000 for 2020 and 2019. During the year, cash exceeded federally insured limits. 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.

#### *Fixed Assets*

All fixed assets are recorded at cost or estimated fair value at date of donation. It is HRCAP'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.

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Notes to Financial Statements

June 30, 2020 and 2019

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### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *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.

#### *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 Financial Accounting Standards Board Accounting Standards Codification 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.



# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Notes to Financial Statements

June 30, 2020 and 2019

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### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Concluded)

#### *Reclassification of Prior Year Presentation*

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

### NOTE 3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,950,434	\$ 1,725,748
Accounts receivable	370	10,000
Grants receivable	<u>1,242,541</u>	<u>1,067,417</u>
Total financial assets	<u>4,193,345</u>	2,803,165
Less amounts not available to be used within one year:		
Net assets with donor restrictions	121,032	399,662
Less net assets with purpose restrictions to be met in less than a year	<u>(121,032)</u>	<u>(399,662)</u>
	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months.	<u>\$ 4,193,345</u>	<u>\$ 2,803,165</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$3 million). The Organization has a \$150,000 line of credit available to meet cash flow needs.

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Notes to Financial Statements

June 30, 2020 and 2019

### NOTE 4. GRANTS RECEIVABLE

Grants receivable are composed of the following amounts:

	June 30,	
	2020	2019
Head Start	\$ 582,071	\$ 669,800
CNI Lift and Connect	109,203	16,702
Commonwealth of VA	101,927	93,331
VA Housing Development Authority	69,500	36,785
USDA (VA Department of Health)	62,704	-
CSBG TANF	57,505	34,388
United Way	54,507	2,302
City of Newport News	41,250	39,750
STEP	38,993	-
Fair Housing	30,670	-
Domestic Violence	22,848	28,438
Virginia Cares	20,885	18,386
TANF Workforce Development	17,683	50,486
Department of Veteran Affairs	16,515	21,050
CSBG Federal	5,685	-
Discovery	4,724	-
Santara Healthcare	3,000	-
VITA	2,871	-
Amerisource	-	50,000
Teen Moms Sentara	-	6,000
	<u>\$ 1,242,541</u>	<u>\$ 1,067,418</u>

### 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, 2020 and 2019 were \$88,820 and \$92,778, 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, 2020 and 2019, HRCAP had no outstanding balances on this credit line. The line of credit is automatically renewed annually.

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Notes to Financial Statements

June 30, 2020 and 2019

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### 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. OPERATING LEASES

HRCAP currently is leasing office space and equipment. For the years ended June 30, 2020 and 2019, rent expense under these leases totaled \$716,968 and \$704,740, respectively.

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

2021	\$	324,889
2022		196,447
2023		<u>99,807</u>
	\$	<u>621,143</u>

### NOTE 9. SPECIAL EVENTS

HRCAP Agency Program's Statement of Activity includes the 2020 Annual Dinner which had revenues of \$63,807 and expenses of \$9,617 for a net profit of \$54,190.

### NOTE 10. COVID-19

In March 2020, the outbreak of COVID-19 (coronavirus) caused by a novel strain of the coronavirus was recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The extent of the impact of the outbreak on the Entity's financial performance will depend on certain developments, including the duration and spread of the outbreak, governmental, regulatory and private sector responses. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

During the outbreak, the Organization received a paycheck protection program loan in the amount of \$2,000,000 from a local financial institution; this loan was guaranteed by the Small Business Administration. This loan is designed to provide direct incentive for small business to keep their workers on the payroll. Unless forgiven, the loan will be repaid in 18 installments at 1% annual interest beginning December 2020. The Organization plans to apply for forgiveness of this loan.

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Notes to Financial Statements

June 30, 2020 and 2019

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### **NOTE 11. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 26, 2021 the date the financial statements were available to be issued. Management is not aware of any material subsequent events.

**SUPPLEMENTAL INFORMATION**

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

Statement of Activities by Program

Year Ended June 30, 2020

	Head Start/ Early Head Start Programs	Virginia Department of Social Services Programs	Redevelopment & Housing Programs	Department of Veterans Affairs	U. S. Housing & Urban Development	Childcare Program	Other Programs	HRCAP Agency Programs	Total
<b>SUPPORT</b>									
Grants awarded									
Federal government	\$ 12,906,591	\$ 724,332	\$ 46,015	\$ 263,229	\$ 37,258	\$ -	\$ 426,570	\$ -	\$ 14,403,995
State government	-	258,613	-	-	-	146,058	18,137	-	422,808
Local government	-	-	-	-	-	-	1,126,828	200,000	1,326,828
Private grants	-	-	-	-	-	-	295,177	107,751	402,928
Total support	<u>12,906,591</u>	<u>982,945</u>	<u>46,015</u>	<u>263,229</u>	<u>37,258</u>	<u>146,058</u>	<u>1,866,712</u>	<u>307,751</u>	<u>16,556,559</u>
<b>REVENUE</b>									
Donations	1,721	-	-	-	-	-	25,000	23,671	50,392
Interest income	-	-	-	-	-	-	-	315	315
Other revenue	17,304	100	-	-	-	-	96,260	202,421	316,085
In-kind revenue	<u>1,441,276</u>	<u>237,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,678,392</u>
Total revenue	<u>1,460,301</u>	<u>237,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,260</u>	<u>226,407</u>	<u>2,045,184</u>
Total unrestricted support and revenue	<u>14,366,892</u>	<u>1,220,161</u>	<u>46,015</u>	<u>263,229</u>	<u>37,258</u>	<u>146,058</u>	<u>1,987,972</u>	<u>534,158</u>	<u>18,601,743</u>
<b>EXPENSES</b>									
Program services:									
Salary and wages	7,053,743	536,286	36,945	147,114	25,939	105,083	814,404	164,742	8,884,256
Fringe benefits	1,812,848	161,578	8,222	34,796	9,966	30,735	245,666	6,171	2,309,982
Contractual	39,835	29,005	35	-	(62)	2,027	46,457	57,926	175,223
Travel	82,061	6,768	-	885	-	-	13,339	10,033	113,086
Rent	624,658	22,300	-	-	-	-	9,707	23,965	680,630
Building maintenance	269,392	15,658	-	-	-	-	15,226	52,443	352,719
Consumable supplies	760,195	30,125	490	5,988	-	2,286	144,719	100,442	1,044,245
Emergency services	-	52,194	-	65,355	-	-	-	1,050	118,599
Equipment maintenance	139,915	-	-	-	-	-	93,787	17,332	251,034
Other costs	803,589	76,346	323	9,091	1,415	5,927	883,297	176,073	1,956,061
In-kind expense	<u>1,441,276</u>	<u>237,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,678,392</u>
Total program services	<u>13,027,512</u>	<u>1,167,376</u>	<u>46,015</u>	<u>263,229</u>	<u>37,258</u>	<u>146,058</u>	<u>2,266,602</u>	<u>610,177</u>	<u>17,564,227</u>
Support services:									
General and administrative expenses	<u>1,339,380</u>	<u>52,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,392,165</u>
Total expenses	<u>14,366,892</u>	<u>1,220,161</u>	<u>46,015</u>	<u>263,229</u>	<u>37,258</u>	<u>146,058</u>	<u>2,266,602</u>	<u>610,177</u>	<u>18,956,392</u>
Changes in net assets	-	-	-	-	-	-	(278,630)	(76,019)	(354,649)
<b>NET ASSETS</b>									
Beginning	-	(34,676)	6,660	-	-	-	427,678	1,289,211	1,688,873
Transfer	-	-	-	-	-	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ (34,676)</u>	<u>\$ 6,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,048</u>	<u>\$ 1,213,192</u>	<u>\$ 1,334,224</u>

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

Statement of Activities by Program

Year Ended June 30, 2019

	Head Start/ Early Head Start Programs	Virginia Department of Social Services Programs	Department of Redevelopment & Housing Programs	Department of Veterans Affairs	U. S. Housing & Urban Development	Childcare Program	Other Programs	HRCAP Agency Programs	Total
<b>SUPPORT</b>									
Grants awarded									
Federal government	\$ 13,287,774	\$ 705,948	\$ 36,500	\$ 242,150	\$ 26,779	\$ -	\$ 53,155	\$ -	\$ 14,352,306
State government	-	221,787	-	-	-	159,336	134,622	-	515,745
Local government	-	-	-	-	-	-	563,240	200,000	763,240
Private grants	-	-	-	-	-	-	195,860	63,365	259,225
Total support	<u>13,287,774</u>	<u>927,735</u>	<u>36,500</u>	<u>242,150</u>	<u>26,779</u>	<u>159,336</u>	<u>946,877</u>	<u>263,365</u>	<u>15,890,516</u>
<b>REVENUE</b>									
Donations	-	-	-	-	-	-	240	27,256	27,496
Interest income	-	-	-	-	-	-	-	506	506
Other revenue	18,227	4,620	-	-	-	-	(12,811)	200,553	210,589
In-kind revenue	<u>1,811,112</u>	<u>273,916</u>	<u>4,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,613</u>	<u>-</u>	<u>2,136,383</u>
Total revenue	<u>1,829,339</u>	<u>278,536</u>	<u>4,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,042</u>	<u>228,315</u>	<u>2,374,974</u>
Total unrestricted support and revenue	<u>15,117,113</u>	<u>1,206,271</u>	<u>41,242</u>	<u>242,150</u>	<u>26,779</u>	<u>159,336</u>	<u>980,919</u>	<u>491,680</u>	<u>18,265,490</u>
<b>EXPENSES</b>									
Program services:									
Salary and wages	6,921,827	494,987	25,718	111,268	20,112	117,514	191,380	207,180	8,089,986
Fringe benefits	2,016,041	145,314	8,909	21,415	4,985	29,269	33,359	27,967	2,287,259
Contractual	127,117	46,161	-	-	400	1,073	29,517	91,368	295,636
Travel	92,252	17,935	-	1,772	-	-	7,619	15,218	134,796
Rent	624,874	12,750	-	-	-	-	3,065	23,205	663,894
Building maintenance	344,570	13,954	1,455	-	-	-	1,000	53,388	414,367
Consumable supplies	1,200,880	6,439	253	2,112	-	2,923	21,540	40,172	1,274,319
Emergency services	-	102,439	-	92,144	-	-	1,650	-	196,233
Equipment maintenance	35,442	5,100	-	-	-	-	-	43,987	84,529
Other costs	760,430	60,304	165	11,458	1,282	8,557	310,093	150,297	1,302,586
In-kind expense	<u>1,811,113</u>	<u>273,916</u>	<u>4,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,613</u>	<u>-</u>	<u>2,136,384</u>
Total program services	<u>13,934,546</u>	<u>1,179,299</u>	<u>41,242</u>	<u>240,169</u>	<u>26,779</u>	<u>159,336</u>	<u>645,836</u>	<u>652,782</u>	<u>16,879,989</u>
Support services:									
General and administrative expenses	<u>1,182,567</u>	<u>64,022</u>	<u>-</u>	<u>1,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,248,570</u>
Total expenses	<u>15,117,113</u>	<u>1,243,321</u>	<u>41,242</u>	<u>242,150</u>	<u>26,779</u>	<u>159,336</u>	<u>645,836</u>	<u>652,782</u>	<u>18,128,559</u>
Changes in net assets	-	(37,050)	-	-	-	-	335,083	(161,102)	136,931
<b>NET ASSETS</b>									
Beginning	-	2,374	6,660	-	-	-	92,595	1,450,313	1,551,942
Transfer	-	-	-	-	-	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ (34,676)</u>	<u>\$ 6,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,678</u>	<u>\$ 1,289,211</u>	<u>\$ 1,688,873</u>

**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, 2020 and 2019

	For the 11 Months Ended 5/31/2020	For the 1 Month Ended 6/30/2020	Total	2019 Summarized Total
<b>SUPPORT</b>				
Grants awarded:				
Federal government	\$ 11,988,582	\$ 918,009	\$ 12,906,591	\$ 13,287,774
Total support	<u>11,988,582</u>	<u>918,009</u>	<u>12,906,591</u>	<u>13,287,774</u>
<b>REVENUE</b>				
Donations	1,721	-	1,721	-
Other revenue	15,410	1,894	17,304	18,227
In-kind revenue	<u>1,441,276</u>	<u>-</u>	<u>1,441,276</u>	<u>1,811,112</u>
Total revenue	<u>1,458,407</u>	<u>1,894</u>	<u>1,460,301</u>	<u>1,829,339</u>
Total unrestricted support and revenue	<u>13,446,989</u>	<u>919,903</u>	<u>14,366,892</u>	<u>15,117,113</u>
<b>EXPENSES</b>				
Program services:				
Salary and wages	6,402,169	651,574	7,053,743	6,921,827
Fringe benefits	1,654,978	157,870	1,812,848	2,016,041
Contractual	39,835	-	39,835	127,117
Travel	81,070	991	82,061	92,252
Rent	568,932	55,726	624,658	624,874
Building maintenance	257,451	11,941	269,392	344,570
Consumable supplies	755,392	4,803	760,195	1,200,880
Equipment maintenance	139,915	-	139,915	35,442
Other costs	766,591	36,998	803,589	760,430
In-kind expense	<u>1,441,276</u>	<u>-</u>	<u>1,441,276</u>	<u>1,811,113</u>
Total program services	12,107,609	919,903	13,027,512	13,934,546
Support services:				
General and administrative expenses	<u>1,339,380</u>	<u>-</u>	<u>1,339,380</u>	<u>1,182,567</u>
Total expenses	<u>13,446,989</u>	<u>919,903</u>	<u>14,366,892</u>	<u>15,117,113</u>
Changes in net assets	-	-	-	-
<b>NET ASSETS</b>				
Beginning	-	-	-	-
Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2020 and 2019

	Federal CSBG	Federal TANF	Project Discovery	Domestic Violence Education and Intervention	Virginia Cares	Total	2019 Summarized Total
<b>SUPPORT</b>							
Grants awarded:							
Federal government	\$ 451,832	\$ 272,500	\$ -	\$ -	\$ -	\$ 724,332	\$ 705,948
State government	-	-	71,000	79,614	107,999	258,613	221,787
Private grants	-	-	-	-	-	-	-
Total support	<u>451,832</u>	<u>272,500</u>	<u>71,000</u>	<u>79,614</u>	<u>107,999</u>	<u>982,945</u>	<u>927,735</u>
<b>REVENUE</b>							
Donations	-	-	-	-	-	-	-
Other revenue	-	-	100	-	-	100	4,620
In-kind revenue	<u>122,204</u>	<u>75,204</u>	<u>39,708</u>	<u>-</u>	<u>-</u>	<u>237,116</u>	<u>273,916</u>
Total revenue	<u>122,204</u>	<u>75,204</u>	<u>39,808</u>	<u>-</u>	<u>-</u>	<u>237,216</u>	<u>278,536</u>
Total unrestricted support and revenue	<u>574,036</u>	<u>347,704</u>	<u>110,808</u>	<u>79,614</u>	<u>107,999</u>	<u>1,220,161</u>	<u>1,206,271</u>
<b>EXPENSES</b>							
Program services:							
Salary and wages	227,690	161,324	41,331	39,979	65,962	536,286	494,987
Fringe benefits	79,548	38,431	3,755	13,971	25,873	161,578	145,314
Contractual	25,864	43	1,793	-	1,305	29,005	46,161
Travel	2,186	-	2,950	637	995	6,768	17,935
Rent	12,100	-	5,000	5,000	200	22,300	12,750
Building maintenance	10,928	2,965	-	-	1,765	15,658	13,954
Consumable supplies	13,543	9,780	3,700	434	2,668	30,125	6,439
Emergency services	-	52,194	-	-	-	52,194	102,439
Equipment maintenance	-	-	-	-	-	-	5,100
Other costs	27,188	7,763	12,571	19,593	9,231	76,346	60,304
In-kind expense	<u>122,204</u>	<u>75,204</u>	<u>39,708</u>	<u>-</u>	<u>-</u>	<u>237,116</u>	<u>273,916</u>
Total program services	<u>521,251</u>	<u>347,704</u>	<u>110,808</u>	<u>79,614</u>	<u>107,999</u>	<u>1,167,376</u>	<u>1,179,299</u>
Support services:							
General and administrative expenses	<u>52,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,785</u>	<u>64,022</u>
Total expenses	<u>574,036</u>	<u>347,704</u>	<u>110,808</u>	<u>79,614</u>	<u>107,999</u>	<u>1,220,161</u>	<u>1,243,321</u>
Changes in net assets	-	-	-	-	-	-	(37,050)
<b>NET ASSETS</b>							
Beginning	-	-	(34,676)	-	-	(34,676)	2,374
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,676)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,676)</u>	<u>\$ (34,676)</u>

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.**  
**REDEVELOPMENT & HOUSING PROGRAMS**  
 Statements of Activities and Changes in Net Assets  
 Years Ended June 30, 2020 and 2019

	Fair Housing	Housing Counseling	Clean Comfort	Total	2019 Summarized Total
<b>SUPPORT</b>					
Grants awarded:					
Federal government	\$ 8,000	\$ 21,515	\$ 16,500	\$ 46,015	\$ 36,500
Private grants	-	-	-	-	-
Total support	<u>8,000</u>	<u>21,515</u>	<u>16,500</u>	<u>46,015</u>	<u>36,500</u>
<b>REVENUE</b>					
Other income	-	-	-	-	-
In-kind revenue	-	-	-	-	4,742
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,742</u>
Total unrestricted support and revenue	<u>8,000</u>	<u>21,515</u>	<u>16,500</u>	<u>46,015</u>	<u>41,242</u>
<b>EXPENSES</b>					
Program services:					
Salary and wages	5,996	17,372	13,577	36,945	25,718
Fringe benefits	2,004	4,143	2,075	8,222	8,909
Contractual	-	-	35	35	-
Building maintenance	-	-	-	-	1,455
Consumable supplies	-	-	490	490	253
Other costs	-	-	323	323	165
In-kind expense	-	-	-	-	4,742
Total program services	<u>8,000</u>	<u>21,515</u>	<u>16,500</u>	<u>46,015</u>	<u>41,242</u>
Changes in net assets	-	-	-	-	-
<b>NET ASSETS</b>					
Beginning	-	-	6,660	6,660	6,660
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,660</u>	<u>\$ 6,660</u>	<u>\$ 6,660</u>

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.**  
**DEPARTMENT OF VETERANS AFFAIRS**  
 Statements of Activities and Changes in Net Assets  
 Years Ended June 30, 2020 and 2019

	Supportive Services Veterans Families - 2020	Supportive Services Veterans Families - 2019	Supportive Services Veterans Emergency Funds	Total	2019 Summarized Total
<b>SUPPORT</b>					
Grants awarded:					
Federal government	\$ 96,598	\$ 66,657	\$ 99,974	\$ 263,229	242,150
Private	-	-	-	-	-
Total unrestricted support	<u>96,598</u>	<u>66,657</u>	<u>99,974</u>	<u>263,229</u>	<u>242,150</u>
<b>EXPENSES</b>					
Program services:					
Salary and wages	60,662	32,888	53,564	147,114	111,268
Fringe benefits	13,020	7,741	14,035	34,796	21,415
Travel	403	-	482	885	1,772
Consumable supplies	1,361	445	4,182	5,988	2,112
Emergency Assistance	17,717	22,724	24,914	65,355	92,144
Other costs	<u>3,435</u>	<u>2,859</u>	<u>2,797</u>	<u>9,091</u>	<u>11,458</u>
Total program services	<u>96,598</u>	<u>66,657</u>	<u>99,974</u>	<u>263,229</u>	<u>240,169</u>
Support services:					
General and administrative expenses	-	-	-	-	1,981
Total expenses	<u>96,598</u>	<u>66,657</u>	<u>99,974</u>	<u>263,229</u>	<u>242,150</u>
Changes in net assets	-	-	-	-	-
<b>NET ASSETS</b>					
Beginning	-	(6,660)	-	-	-
Transfer	-	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ (6,660)</u>	<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, 2020 and 2019

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	2020	2019
<b>SUPPORT</b>		
Grants awarded:		
Federal government	\$ 37,258	\$ 26,779
Total unrestricted support	37,258	26,779
<b>EXPENSES</b>		
Program services:		
Salary and wages	25,939	20,112
Fringe benefits	9,966	4,985
Contractual	(62)	400
Other costs	1,415	1,282
Total program services	37,258	26,779
Changes in net assets	-	-
<b>NET ASSETS</b>		
Beginning	-	-
Ending	\$ -	\$ -

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.**  
**CHILDCARE PROGRAM**

Statements of Activities and Changes in Net Assets  
Years Ended June 30, 2020 and 2019

	2020	2019
<b>SUPPORT</b>		
Grants awarded:		
State government	\$ 146,058	\$ 159,336
Total unrestricted support	146,058	159,336
<b>EXPENSES</b>		
Program services:		
Salary and wages	105,083	117,514
Fringe benefits	30,735	29,269
Contractual	2,027	1,073
Consumable supplies	2,286	2,923
Other costs	5,927	8,557
Total program services	146,058	159,336
Changes in net assets	-	-
<b>NET ASSETS</b>		
Beginning	-	-
Transfer	-	-
Ending	\$ -	\$ -

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

**OTHER PROGRAMS**

Statements of Activities and Changes in Net Assets  
Years Ended June 30, 2020 and 2019

	VITA	VHDA Counseling & Education	VHA HUD COVID 19	VA Early Childhood Foundation	UWVP Rent and Mortgage Relief Program	Suntrust Lighting the Way to Financial	Temporary Assistance for Needy Families	CNI Lift & Connect	CNI Lift & Connect NRRHA	STEP	Opioid and Substance Abuse Prevention	Employment for TANF Participants	FHIP 2019-2020	Huntington Ingalls One Community	Other	Total	2019 Summarized Total	
<b>SUPPORT</b>																		
Grants awarded:																		
Federal government	\$ 41,902	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 181,800	\$ -	\$ 109,203	\$ -	\$ -	\$ -	\$ 53,665	\$ -	\$ -	\$ 426,570	\$ 53,155	
State government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,137	134,622	
Local government	-	-	-	-	-	-	-	384,314	-	328,060	-	399,454	-	-	15,000	1,126,828	563,240	
Private grants	-	-	-	81,052	50,000	75,000	-	-	-	-	-	-	-	50,000	30,346	295,177	195,860	
Total support	41,902	-	40,000	81,052	50,000	75,000	181,800	384,314	109,203	328,060	-	399,454	53,665	50,000	45,346	1,866,712	946,877	
<b>REVENUE</b>																		
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000	240	
Other revenue	-	85,000	-	-	-	-	-	-	-	-	-	-	-	-	11,260	96,260	(12,811)	
In-kind revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,613	
Total unrestricted support and revenue	41,902	85,000	40,000	81,052	50,000	75,000	181,800	384,314	109,203	328,060	-	399,454	53,665	50,000	81,606	1,987,972	980,919	
<b>EXPENSES</b>																		
Program services:																		
Salary and wages	14,037	37,819	-	8,725	-	-	23,488	253,304	64,507	221,432	8,763	134,076	37,460	-	10,793	814,404	191,380	
Fringe benefits	1,788	7,491	-	3,697	-	-	8,701	78,125	21,967	64,069	1,390	40,645	13,830	-	3,963	245,666	33,359	
Contractual	-	3,500	-	860	-	-	4,287	15,309	1,577	13,884	489	2,843	524	-	3,184	46,457	29,517	
Travel	3,079	-	-	317	-	-	2,333	2,617	-	1,852	1,378	971	67	180	545	13,339	7,619	
Rent	-	-	-	-	-	-	-	-	-	6,500	-	-	-	-	3,207	9,707	3,065	
Building maintenance	-	1,000	-	-	-	-	86	6,070	5,735	200	1,350	-	785	-	-	15,226	1,000	
Consumable supplies	6,224	200	9,691	22,217	-	28,838	3,730	12,333	5,817	21,797	8,502	8,645	2,219	3,252	11,254	144,719	21,540	
Emergency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,650	
Equipment maintenance	-	-	-	-	-	44,439	-	-	-	-	-	-	-	32,051	17,297	93,787	-	
Other costs	16,774	34,990	-	45,236	-	1,723	139,175	16,556	9,600	329,876	14,092	212,274	7,620	8,599	46,782	883,297	310,093	
In-kind expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,613	
Total program services	41,902	85,000	9,691	81,052	-	75,000	181,800	384,314	109,203	659,610	35,964	399,454	62,505	44,082	97,025	2,266,602	645,836	
Support services:																		
General and administrative expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total expenses	41,902	85,000	9,691	81,052	-	75,000	181,800	384,314	109,203	659,610	35,964	399,454	62,505	44,082	97,025	2,266,602	645,836	
Changes in net assets	-	-	30,309	-	50,000	-	-	-	-	(331,550)	(35,964)	-	(8,840)	5,918	(15,419)	(278,630)	335,083	
<b>NET ASSETS</b>																		
Beginning	-	-	-	-	-	-	-	-	-	331,550	50,000	-	-	-	46,128	427,678	92,595	
Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ending	\$ -	\$ -	\$ 30,309	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,036	\$ -	\$ (8,840)	\$ 5,918	\$ 30,709	\$ 149,048	\$ 427,678	

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.****HRCAP AGENCY PROGRAMS**

## Statements of Activities and Changes in Net Assets

Years Ended June 30, 2020 and 2019

	2020	2019
<b>SUPPORT</b>		
Grants awarded:		
Local government	\$ 200,000	\$ 200,000
Private grants	107,751	63,365
Total support	<u>307,751</u>	<u>263,365</u>
<b>REVENUE</b>		
Donations	23,671	27,256
Interest income	315	506
Other revenue	202,421	200,553
Total revenue	<u>226,407</u>	<u>228,315</u>
Total unrestricted support and revenue	<u>534,158</u>	<u>491,680</u>
<b>EXPENSES</b>		
Program services:		
Salary and wages	164,742	207,180
Fringe benefits	6,171	27,967
Contractual	57,926	91,368
Travel	10,033	15,218
Rent	23,965	23,205
Building maintenance	52,443	53,388
Consumable supplies	100,442	40,172
Emergency assistance	1,050	-
Equipment maintenance	17,332	43,987
Other costs	176,073	150,297
Total program services	<u>610,177</u>	<u>652,782</u>
Changes in net assets	(76,019)	(161,102)
<b>NET ASSETS</b>		
Beginning	1,289,211	1,450,313
Transfer	-	-
Ending	<u>\$ 1,213,192</u>	<u>\$ 1,289,211</u>

## **COMPLIANCE SECTION**





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**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, 2020, and the related statement of activities and changes in net assets 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, 2021.

**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. Robm, Smith & Company*

Newport News, Virginia

January 26, 2021



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## **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, 2020. 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 federal statutes, regulations, and the terms and conditions 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, 2020.

### ***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. Robm, Smith & Company*

Newport News, Virginia

January 26, 2021

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>U.S Department of Health and Human Services:</b>		
<u>Direct programs:</u>		
Head Start and Early Head Start*	93.600	\$ 12,176,459
<u>Pass-through programs from:</u>		
Commonwealth of Virginia:		
Community Services Block Grant	93.569	451,832
Temporary Assistance for Needy Families	93.558	454,300
Total U.S. Department of Health and Human Services		<u>13,082,591</u>
<b>U.S. Department of Agriculture:</b>		
<u>Pass-through programs from:</u>		
Virginia Department of Health:		
Child and Adult Food Care Program	10.558	<u>730,132</u>
<b>Department of Housing and Urban Development:</b>		
<u>Pass-through programs from:</u>		
Newport News Redevelopment and Housing Authority:		
Clean Comfort	14.218	16,500
Fair Housing Initiative Program	14.218	53,665
Housing Counseling Assistance Program	14.218	29,515
Choice Neighborhood Initiatives	14.889	109,203
<u>Pass-through programs from:</u>		
Virginia Housing Development Authority:		
Housing Counseling Assistance Program	14.218	37,259
Virginia Housing Alliance	14.169	40,000
Total Department of Housing and Urban Development		<u>286,142</u>
<b>Department of Veterans' Affairs:</b>		
<u>Direct program:</u>		
VA Supportive Services for Veteran Families Program	64.033	<u>263,229</u>
<b>Department of the Treasury</b>		
Direct programs:		
VITA	21.009	<u>41,902</u>
Total Expenditures of Federal Awards		<u><u>\$ 14,403,996</u></u>

\* Major program

# HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.

## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

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### **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, 2020. 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, change in net assets, or cash flows of Hampton Roads Community Action Program, Inc.

### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

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.

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

**HAMPTON ROADS COMMUNITY ACTION PROGRAM, INC.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

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**SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses a qualified opinion on whether the financial statements of Hampton Roads Community Action Program, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in 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., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the financial statements of Hampton Roads Community Action Program, Inc. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for Hampton Roads Community Action Program, Inc. expresses an unmodified opinion on all major federal programs.
6. The auditor disclosed no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as a major program was:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start and Early Head Start

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 high-risk auditee.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**FINDINGS AND QUESTIONED COSTS -- MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None