

ST. LAWRENCE COUNTY COMMUNITY
DEVELOPMENT PROGRAM, INC.

Financial Statements

December 31, 2017

(With Independent Auditors' Report Thereon)

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
St. Lawrence County Community
Development Program, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of St. Lawrence County Community Development Program, Inc. (the Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Lawrence County Community Development Program, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. 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 April 25, 2018, on our consideration of the Organization'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 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 Organization's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
April 25, 2018

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
Statement of Financial Position
December 31, 2017

<u>Assets</u>	
Current assets:	
Cash and equivalents	\$ 315,405
Receivables	230,127
Prepaid expenses	27,317
Inventory	<u>30,257</u>
Total current assets	<u>603,106</u>
Property and equipment	2,177,716
Less accumulated depreciation	<u>(1,442,540)</u>
Net property and equipment	<u>735,176</u>
Total assets	<u><u>\$ 1,338,282</u></u>

<u>Liabilities and Net Assets</u>	
Current liabilities:	
Accounts payable	197,500
Accrued payroll	121,631
Compensated absences	56,222
Deferred revenue	60,000
Other liabilities	<u>104,142</u>
Total current liabilities	539,495
Unrestricted net assets	798,787
Contingencies and commitments (note 12)	<u> </u>
Total liabilities and net assets	<u><u>\$ 1,338,282</u></u>

See accompanying notes to financial statements.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
Statement of Activities
Year ended December 31, 2017

Unrestricted revenue:	
Grant income	\$ 4,209,726
Program income	471,448
In-kind donations	1,091,839
Local donations	143,802
Interest and dividend income	92
Net gain on sale/disposal of assets	20,500
Fundraising	3,598
Miscellaneous	<u>25,023</u>
Total unrestricted revenue	<u>5,966,028</u>
Unrestricted expenses:	
Program services:	
Head Start	4,067,220
Weatherization	625,795
Rental Assistance	190,961
Neighborhood Centers	<u>612,364</u>
Total program services	5,496,340
Management and general	<u>350,730</u>
Total unrestricted expenses	<u>5,847,070</u>
Increase in unrestricted net assets	118,958
Unrestricted net assets at beginning of year	<u>679,829</u>
Unrestricted net assets at end of year	<u><u>\$ 798,787</u></u>

See accompanying notes to financial statements.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.

Statement of Functional Expenses

Year ended December 31, 2017

	Program Services				Total Program Services	Management and general	Total
	Head Start	Weatherization	Rental Assistance	Neighborhood Centers			
Salaries and wages	\$ 1,618,337	238,127	127,831	135,024	2,119,319	215,984	2,335,303
Payroll taxes and employee benefits	650,074	114,666	34,414	46,013	845,167	43,969	889,136
Total salaries and related expenses	2,268,411	352,793	162,245	181,037	2,964,486	259,953	3,224,439
Office supplies	1,063	402	1,094	135	2,694	4,522	7,216
Consumable supplies	81,522	3,831	2,451	15,736	103,540	9,531	113,071
Space costs and utilities	89,133	14,375	-	20,084	123,592	1,854	125,446
Telephone	18,993	2,572	1,647	8,438	31,650	13,316	44,966
Advertising	3,569	3	330	131	4,033	1,585	5,618
Insurance	18,374	4,012	674	2,183	25,243	6,053	31,296
Postage	3,463	404	3,809	962	8,638	2,838	11,476
Transportation	220,591	22,161	8,059	4,323	255,134	1,491	256,625
Repairs and maintenance	10,753	1,378	-	1,106	13,237	16,555	29,792
Materials	-	104,404	-	-	104,404	-	104,404
Subcontractors	-	94,326	-	-	94,326	-	94,326
Tools and equipment	103,399	4,494	436	2,237	110,566	746	111,312
Staff training and recruitment	39,018	5,171	4,542	6,322	55,053	603	55,656
Professional fees	53,355	7,647	4,583	13,797	79,382	4,100	83,482
Parent activities	958	-	-	-	958	-	958
Nutrition services	137,202	509	-	109,349	247,060	-	247,060
In-kind	873,929	-	-	217,910	1,091,839	-	1,091,839
Programs expenses funded locally	-	-	-	22,971	22,971	7,415	30,386
Miscellaneous	9,910	-	1,091	1,973	12,974	4,218	17,192
Total expenses before depreciation	3,933,643	618,482	190,961	608,694	5,351,780	334,780	5,686,560
Depreciation	133,577	7,313	-	3,670	144,560	15,950	160,510
Total expenses	\$ 4,067,220	625,795	190,961	612,364	5,496,340	350,730	5,847,070

See accompanying notes to financial statements.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
Statement of Cash Flows
Year ended December 31, 2017

Cash flows from operating activities:	
Increase in unrestricted net assets	\$ 118,958
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:	
Depreciation	160,510
Net gain on sale/disposal of assets	(20,500)
Changes in:	
Receivables	(93,208)
Prepaid expenses	(10,545)
Inventory	4,550
Accounts payable	21,477
Accrued payroll	17,089
Compensated absences	3,151
Deferred revenue	(36,618)
Other liabilities	<u>93,175</u>
Net cash provided by operating activities	<u>258,039</u>
Cash flows from investing activities:	
Purchase of property and equipment	(288,151)
Proceeds from sale of equipment	<u>20,500</u>
Net cash used in investing activities	<u>(267,651)</u>
Net decrease in cash and equivalents	(9,612)
Cash and equivalents at beginning of year	<u>325,017</u>
Cash and equivalents at end of year	<u><u>\$ 315,405</u></u>
Supplemental schedule of cash flow information - disposal of fully depreciated fixed assets	
	<u><u>\$ 192,625</u></u>

See accompanying notes to financial statements.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.

Notes to Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

St. Lawrence County Community Development Program, Inc. (the Organization) is a private non-profit corporation serving St. Lawrence County and is organized under the laws of the State of New York. The Organization's purpose is to initiate, strengthen, supplement and coordinate efforts to eliminate poverty by making opportunities available to the low-income for education and training, employment and other services designed to aid them in their struggle to attain self-sufficiency.

The Organization operates the following programs to aid the people of St. Lawrence County:

- Head Start is a comprehensive school readiness program providing education, health, mental health, nutrition, parent involvement and social services to preschool children in St. Lawrence County. This program helps the child and the family, economically disadvantaged families, rural families and families and children with special needs. The program derives most of its funding from government grants.
- Weatherization Program helps homeowners and renters make their homes more energy efficient. Some services provided by this program are as follows: furnace efficiency testing; distribution system balancing; weather-stripping; caulking; glass replacement; insulation; window and door replacement; and repairs to protect and preserve weatherization measures. The major source of revenue for this program is from government grants.
- Rental Assistance is provided through the U.S. Department of Housing and Urban Development's (HUD) Housing Choice Voucher Program. The program provides rental assistance to low-income renters to help them attain decent, safe and affordable housing. The Organization is the authorized administrator of this program for the County of St. Lawrence.
- Neighborhood Centers - Six major centers provide services and programs for low-income families and make referrals to other agencies as needed. These services are provided through an intake process to assess needs and then utilize a variety of funding sources to provide benefits. These benefits include assistance with food, fuel, utilities and shelter. The Neighborhood Centers are funded through local and governmental grants, as well as by donations at the local center level. These expenses primarily consist of food, client services, holiday expenses and transportation. The Organization works with families in the area of family development to assist them in attaining self-sufficiency.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization had only unrestricted net assets in 2017.

(d) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less, including overnight repurchase agreements, to be cash equivalents.

(f) Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(g) Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Changes in the valuation allowance have not been material to the financial statements.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the financial statements.

(i) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statement of financial position as deferred revenue.

(j) Donated Materials, Food, Supplies and Personal Services

The Organization receives unrestricted donations of various goods and services from outside parties. The donations include, but are not limited to, equipment, clothing, services, and food. All donations are unrestricted and used to support and further the Organization's objectives. The donations are reflected in the accompanying statements at their estimated fair market value at the date of receipt. In addition, many skilled and unskilled individuals have contributed significant amounts of time to the activities of the Organization without compensation. Contributed services are recognized as in-kind support and expense by the Organization when certain provisions are met. In-kind support and expenses of \$1,091,839 for the year ended December 31, 2017, have been recognized as in-kind support and expense by the Organization.

(k) Expense Allocation

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

(l) Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. For the year ended December 31, 2017, advertising costs amounted to \$5,618.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Compensated Absences

Compensated absences consist of unpaid accumulated vacation time. Employees are granted vacation in varying amounts, based primarily on length of service. Vacation time can be accrued up to thirty days and paid on resignation provided employees give a 14 day written notice. For the year ended December 31, 2017, compensated absences amounted to \$56,222.

(n) Subsequent Events

The Organization has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(o) Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Organization presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Organization has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Organization are subject to examination by taxing authorities.

(2) Concentration of Credit Risk

The Organization maintains its bank accounts at several financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. There were no uncollateralized and uninsured cash balances as of December 31, 2017.

(3) Receivables

Receivables consist of the following at December 31, 2017:

Accounts receivable:	
Weatherization	\$ 3,065
Housing Choice	33,592
Emergency Food and Shelter Program	10,158
Grants receivable:	
Weatherization	94,090
Head Start	29,136
Neighborhood Centers	<u>60,086</u>
	\$ <u>230,127</u>

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.

Notes to Financial Statements, Continued

(4) Property and Equipment

Property and equipment at December 31, 2017 are summarized as follows:

Building	\$ 729,418
Land	48,815
Equipment	295,880
Vehicles	<u>1,103,603</u>
	2,177,716
Less accumulated depreciation	<u>(1,442,540)</u>
Net property and equipment	\$ <u>735,176</u>

Depreciation expense totaled \$160,510 for the year ended December 31, 2017.

(5) Deferred Revenue

At December 31, 2017 deferred revenue totaled \$60,000 consisting of grant funds received relating to the weatherization program.

(6) Grant Income

The Organization was primarily funded through the following grants during the year ended December 31, 2017:

<u>Funding Source</u>	<u>Grant Name</u>	
Development Authority of the North Country	HUD - HOME Program	\$ 75,552
NYS Housing and Community Renewal	Weatherization Assistance	519,551
NYS Department of State	CSBG	226,161
U.S. Department of Health and Human Services	Head Start	3,214,418
U.S. Department of Agriculture	CACFP	141,658
Department of Homeland Security	Emergency Food and Shelter Program	<u>32,386</u>
		\$ <u>4,209,726</u>

(7) In-Kind Donations

The total value of donated services recognized for the year ended December 31, 2017 are as follows:

Head Start - Professional fees and transportation	\$ 873,929
Neighborhood Centers - Services, food, supplies, clothing, etc.	<u>217,910</u>
Total in-kind donations	\$ <u>1,091,839</u>

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
Notes to Financial Statements, Continued

(8) Employee Pension Plan

St. Lawrence County Community Development Program, Inc. contributes to a defined contribution pension plan covering employees having completed at least one year of service and having attained twenty-one years of age. A monthly contribution of 6% of the participants' compensation is made. Contributions for the year ended December 31, 2017 amounted to \$101,365.

(9) Leases

The Organization leases various facilities and premises in Brasher Falls, Canton, Gouverneur, Massena, Potsdam, Ogdensburg and Norwood, New York. Total rent expense for the year ended December 31, 2017 amounted to \$106,624.

The following is a schedule of estimated future minimum rental payments required under the above operating leases at December 31:

2018	\$ 66,659
2019	47,360
2020	37,290
2021	23,020
2022	<u>13,150</u>
	\$ <u>187,479</u>

(10) Capital Leases

The Organization was the lessee of six copiers under capital leases expiring in the year 2018. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets were depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense for 2017. The lease was extinguished in January 2017.

(11) Economic Dependency

A material part of the Organization's funding is dependent upon a few grants, the loss of any one would have a material adverse effect on the Organization. The U.S. Department of Health and Human Services accounted for 54% of the Organization's total revenue in 2017.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
Notes to Financial Statements, Continued

(12) Contingencies and Commitments

The Organization has received grants which are subject to audit by agencies of the State and Federal government. Such audits may result in disallowances and a request for return of funds. Based on prior years' experience, the Organization's administration believes disallowances, if any, will be immaterial.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
Schedule of Expenditures of Federal Awards
Year ended December 31, 2017

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Health and Human Services:				
Head Start (1)	93.600	02CH1035/51	\$ 346,707	-
Head Start (1)	93.600	02CH1035/52	2,867,711	-
Passed through New York State Department of State:				
Community Services Block Grant 17-18	93.569	C1000782	44,245	-
Community Services Block Grant 16-17	93.569	C1000782	181,916	-
Passed through New York State Division of Housing and Community Renewal:				
Low-Income Home Energy Assistance	93.568	C092060-17	239,810	-
Low-Income Home Energy Assistance	93.568	C092060-16	<u>119,797</u>	<u>-</u>
Total U.S. Department of Health and Human Services			3,800,186	-
U.S. Department of Homeland Security - Emergency				
Food and Shelter National Board Program (1)	97.024	625400-001	32,386	-
U.S. Department of Agriculture - Child and Adult				
Care Food Program (1)	10.558		141,658	-
U.S. Department of Housing and Urban Development - passed through New York State Development Authority of the North County - HOME Investment Partnership Program				
	14.239		75,552	-
U.S. Department of Energy:				
Passed through New York State Division of Housing and Community Renewal:				
Weatherization Assistance for Low-Income Persons	81.042	C092060-17	145,635	-
Weatherization Assistance for Low-Income Persons	81.042	C092060-16	<u>14,309</u>	<u>-</u>
Total Federal Awards			<u>\$ 4,209,726</u>	<u>-</u>

(1) Direct Federal Award

See accompanying notes to schedule of expenditures of federal awards.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.

Notes to Schedule of Expenditures of Federal Awards

December 31, 2017

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes all federal award programs administered by St. Lawrence County Community Development Program, Inc. 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).

(2) Basis of Accounting

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.

St. Lawrence County Community Development Program, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

(3) Matching Costs

Matching costs, i.e. St. Lawrence County Community Development Program, Inc.'s share of certain program costs, are not included in the reported expenditures.

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

The Board of Directors
St. Lawrence County Community
Development Program, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of St. Lawrence County Community Development Program, Inc. (the Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated April 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization'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 Organization'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 Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
April 25, 2018

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

The Board of Directors
St. Lawrence County Community
Development Program, Inc.:

Report on Compliance for Each Major Federal Program

We have audited St. Lawrence County Community Development Program, Inc.'s (the Organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2017. The Organization's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program 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 (CFR) 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 Organization'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 the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, St. Lawrence County Community Development 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 its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Organization'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.

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
April 25, 2018

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- | | | | | |
|---|-------|-----|-----|---------------|
| 1. Material weakness(es) identified? | _____ | Yes | _x_ | No |
| 2. Significant deficiency(ies) identified not considered to be material weakness(es)? | _____ | Yes | _x_ | None reported |
| 3. Noncompliance material to financial statements noted? | _____ | Yes | _x_ | No |

Federal Awards:

Internal control over major programs:

- | | | | | |
|---|-------|-----|-----|---------------|
| 4. Material weakness(es) identified? | _____ | Yes | _x_ | No |
| 5. Significant deficiency(ies) identified not considered to be material weakness(es)? | _____ | Yes | _x_ | None reported |

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

- | | | | | |
|--|-------|-----|-----|----|
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? | _____ | Yes | _x_ | No |
|--|-------|-----|-----|----|

7. The Organization's major programs audited were:

<u>Name of Federal Programs</u>	<u>CFDA Number</u>
Head Start	93.600
Low-Income Home Energy Assistance	93.568
Weatherization Assistance for Low-Income Persons	81.042

8. Dollar threshold used to distinguish between Type A and Type B programs.	\$750,000
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- | | | | | |
|---|-----|-----|-------|----|
| 9. Auditee qualified as low-risk auditee? | _x_ | Yes | _____ | No |
|---|-----|-----|-------|----|

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
Schedule of Prior Year Audit Findings
December 31, 2017

There were no audit findings with regard to the prior year consolidated financial statements (December 31, 2016).