

ST. LAWRENCE COUNTY COMMUNITY
DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY

Consolidated Financial Statements

December 31, 2016

(With Independent Auditors' Report Thereon)

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of St. Lawrence County Community Development Program, Inc. and Subsidiary (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statement of activities, functional expenses and cash flows for the year then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Lawrence County Community Development Program, Inc. and Subsidiary as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements and related supplementary information of St. Lawrence County Community Development Program, Inc. and Subsidiary as of December 31, 2015, were audited by other auditors whose report dated May 6, 2016, expressed an unmodified opinion on those statements.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 May 1, 2017, 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 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
May 1, 2017

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY
Statement of Consolidated Financial Position
December 31, 2016 and 2015

	<u>Assets</u>	<u>2016</u>	<u>2015</u>
Current assets:			
Cash and equivalents		\$ 325,017	290,130
Receivables		136,919	348,579
Prepaid expenses		16,772	19,232
Inventory		<u>34,807</u>	<u>36,610</u>
Total current assets		<u>513,515</u>	<u>694,551</u>
Property and equipment		2,082,190	2,290,439
Less accumulated depreciation		<u>(1,474,655)</u>	<u>(1,515,617)</u>
Net property and equipment		<u>607,535</u>	<u>774,822</u>
Total assets		<u><u>\$ 1,121,050</u></u>	<u><u>1,469,373</u></u>
 <u>Liabilities and Net Assets</u> 			
Current liabilities:			
Accounts payable		176,023	203,882
Accrued payroll		104,542	113,906
Compensated absences		53,071	67,277
Deferred revenue		96,618	34,826
Other liabilities		<u>10,967</u>	<u>10,967</u>
Total current liabilities		441,221	430,858
Unrestricted net assets		679,829	1,038,515
Contingencies and commitments (note 12)		<u> </u>	<u> </u>
Total liabilities and net assets		<u><u>\$ 1,121,050</u></u>	<u><u>1,469,373</u></u>

See accompanying notes to consolidated financial statements.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY

Consolidated Statement of Activities
Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted revenue:		
Grant income	\$ 3,797,371	3,868,486
Program income	653,788	990,759
In-kind donations	967,222	933,362
Local donations	137,051	148,160
Interest and dividend income	78	81
Net gain on sale/disposal of assets	-	29
Fundraising	3,883	716
Auto sales	22,097	16,973
Miscellaneous	<u>35,278</u>	<u>34,432</u>
Total unrestricted revenue	<u>5,616,768</u>	<u>5,992,998</u>
Unrestricted expenses:		
Program services:		
Head Start	3,630,370	3,537,679
Personal Care	327,365	609,153
Weatherization	826,381	744,401
Community Support Services	55,277	146,062
Rental Assistance	165,921	150,345
Neighborhood Centers	<u>638,974</u>	<u>632,741</u>
Total program services	5,644,288	5,820,381
Management and general	<u>331,166</u>	<u>361,939</u>
Total unrestricted expenses	<u>5,975,454</u>	<u>6,182,320</u>
Decrease in unrestricted net assets	(358,686)	(189,322)
Unrestricted net assets at beginning of year	<u>1,038,515</u>	<u>1,227,837</u>
Unrestricted net assets at end of year	<u>\$ 679,829</u>	<u>1,038,515</u>

See accompanying notes to consolidated financial statements.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY
Consolidated Statement of Functional Expenses
Year ended December 31, 2016
with comparative totals for 2015

	Program Services						Total Program Services	Management and general	Total	
	Head Start	Personal Care	Weatherization	Community Support Services	Rental Assistance	Neighborhood Centers			2016	2015
Salaries and wages	\$ 1,485,990	144,630	281,015	18,634	113,216	137,000	2,180,485	204,670	2,385,155	2,512,546
Payroll taxes and employee benefits	649,677	87,837	127,726	11,143	21,995	57,043	955,421	44,635	1,000,056	1,222,496
Total salaries and related expenses	2,135,667	232,467	408,741	29,777	135,211	194,043	3,135,906	249,305	3,385,211	3,735,042
Office supplies	8,078	54	936	511	1,109	152	10,840	479	11,319	6,913
Consumable supplies	78,420	527	3,958	-	1,911	6,715	91,531	8,338	99,869	96,582
Space costs and utilities	82,261	757	15,264	5,453	-	16,762	120,497	4,810	125,307	151,663
Telephone	12,276	106	1,579	75	1,091	8,771	23,898	12,251	36,149	32,808
Advertising	1,580	-	-	-	274	210	2,064	27	2,091	3,709
Insurance	16,435	2,170	3,806	131	580	2,021	25,143	6,414	31,557	31,537
Postage	2,610	962	653	-	3,269	1,032	8,526	2,569	11,095	13,274
Transportation	164,585	19,097	30,078	14,687	5,685	4,184	238,316	1,749	240,065	263,309
Repairs and maintenance	22,690	-	37	-	-	1,267	23,994	15,965	39,959	26,705
Materials	-	-	99,187	-	-	-	99,187	-	99,187	192,994
Subcontractors	-	-	212,272	120	-	-	212,392	-	212,392	53,886
Tools and equipment	31,459	-	7,483	93	250	1,030	40,315	-	40,315	39,635
Staff training and recruitment	33,079	701	5,630	76	2,406	1,818	43,710	-	43,710	56,506
Professional fees	40,071	2,197	7,089	148	14,036	13,796	77,337	7,257	84,594	82,684
Parent activities	916	-	-	-	-	-	916	-	916	1,303
Nutrition services	120,306	-	796	-	-	92,332	213,434	-	213,434	166,564
Uniforms	-	-	-	1,550	-	-	1,550	-	1,550	5,457
Interest	-	-	-	-	-	-	-	-	-	39
Bad debts	-	67,410	-	-	-	-	67,410	-	67,410	892
In-kind	750,839	-	-	-	-	216,383	967,222	-	967,222	933,362
Programs expenses funded locally	-	-	-	-	-	67,369	67,369	-	67,369	128,599
Loss on disposal of assets	2,287	-	-	-	-	-	2,287	-	2,287	-
Miscellaneous	12,774	917	43	2,296	99	5,631	21,760	3,035	24,795	34,793
Total expenses before depreciation	3,516,333	327,365	797,552	54,917	165,921	633,516	5,495,604	312,199	5,807,803	6,058,256
Depreciation	114,037	-	28,829	360	-	5,458	148,684	18,967	167,651	124,064
Total expenses	<u>\$ 3,630,370</u>	<u>327,365</u>	<u>826,381</u>	<u>55,277</u>	<u>165,921</u>	<u>638,974</u>	<u>5,644,288</u>	<u>331,166</u>	<u>5,975,454</u>	<u>6,182,320</u>

See accompanying notes to consolidated financial statements.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY
Consolidated Statement of Functional Expenses
Year ended December 31, 2015

	Program Services						Total Program Services	Management and general	Total
	Head Start	Personal Care	Weatherization	Community Support Services	Rental Assistance	Neighborhood Centers			
Salaries and wages	\$ 1,361,112	387,322	266,735	60,458	101,466	130,972	2,308,065	204,481	2,512,546
Payroll taxes and employee benefits	746,551	151,125	140,701	38,013	19,251	53,624	1,149,265	73,231	1,222,496
Total salaries and related expenses	2,107,663	538,447	407,436	98,471	120,717	184,596	3,457,330	277,712	3,735,042
Office supplies	2,891	365	176	4	1,273	251	4,960	1,953	6,913
Consumable supplies	75,866	527	3,005	1,035	1,871	6,263	88,567	8,015	96,582
Space costs and utilities	86,735	147	7,248	13,910	-	18,161	126,201	25,462	151,663
Telephone	11,674	1,109	3,635	72	1,144	8,207	25,841	6,967	32,808
Advertising	2,725	105	48	-	46	48	2,972	737	3,709
Insurance	15,329	3,175	3,603	265	352	2,077	24,801	6,736	31,537
Postage	3,478	973	700	58	3,371	1,118	9,698	3,576	13,274
Transportation	169,684	45,531	23,513	14,943	4,892	4,404	262,967	342	263,309
Repairs and maintenance	12,039	-	634	-	-	1,245	13,918	12,787	26,705
Materials	-	-	192,994	-	-	-	192,994	-	192,994
Subcontractors	-	-	53,886	-	-	-	53,886	-	53,886
Tools and equipment	30,990	-	4,316	444	-	3,885	39,635	-	39,635
Staff training and recruitment	31,947	3,004	16,069	-	3,931	1,311	56,262	244	56,506
Professional fees	44,624	7,139	6,041	1,334	12,354	4,054	75,546	7,138	82,684
Parent activities	1,303	-	-	-	-	-	1,303	-	1,303
Nutrition services	124,545	-	-	-	-	42,019	166,564	-	166,564
Uniforms	-	-	2,676	2,781	-	-	5,457	-	5,457
Interest	-	-	-	-	-	-	-	39	39
Bad debts	-	892	-	-	-	-	892	-	892
In-kind	713,947	-	-	-	-	219,415	933,362	-	933,362
Programs expenses funded locally	-	-	-	-	-	128,599	128,599	-	128,599
Miscellaneous	9,608	7,739	-	11,102	394	1,630	30,473	4,320	34,793
Total expenses before depreciation	3,445,048	609,153	725,980	144,419	150,345	627,283	5,702,228	356,028	6,058,256
Depreciation	92,631	-	18,421	1,643	-	5,458	118,153	5,911	124,064
Total expenses	\$ 3,537,679	609,153	744,401	146,062	150,345	632,741	5,820,381	361,939	6,182,320

See accompanying notes to consolidated financial statements.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY
Consolidated Statement of Cash Flows
Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Decrease in unrestricted net assets	\$ (358,686)	(189,322)
Adjustments to reconcile decrease in unrestricted net assets to net cash provided by operating activities:		
Depreciation	167,651	124,064
Depreciation allocated to shared space costs	-	14,530
Bad debts	67,410	-
Net loss (gain) on sale/disposal of assets	2,287	(29)
Changes in:		
Receivables	144,250	112,060
Prepaid expenses	2,460	58,190
Inventory	1,803	16,839
Accounts payable	(27,859)	(60,078)
Accrued payroll	(9,364)	24,585
Compensated absences	(14,206)	(4,362)
Deferred revenue	61,792	(32,433)
Other liabilities	-	181
Net cash provided by operating activities	<u>37,538</u>	<u>64,225</u>
Cash flows from investing activities:		
Purchase of property and equipment	(3,451)	(157,258)
Proceeds from sale of equipment	800	-
Net cash used in investing activities	<u>(2,651)</u>	<u>(157,258)</u>
Net increase (decrease) in cash and equivalents	34,887	(93,033)
Cash and equivalents at beginning of year	<u>290,130</u>	<u>383,163</u>
Cash and equivalents at end of year	<u>\$ 325,017</u>	<u>290,130</u>
Supplemental schedule of cash flow information - disposal of fully depreciated fixed assets	<u>\$ 208,613</u>	<u>40</u>

See accompanying notes to consolidated financial statements.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

St. Lawrence County Community Development Program, Inc. and Subsidiary (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 poor for education and training, employment and other services designed to aid them in their struggle to attain self-sufficiency.

CDP Auto Repair, LLC a New York limited liability company (LLC), was organized on November 20, 2014 and is a wholly owned subsidiary of the Organization. The primary purpose of CDP Auto Repair, LLC is to provide auto repair services to the Organization and the general public. Operations started in 2015 and were discontinued on April 22, 2016.

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

- Head Start is a comprehensive preschool 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 - large families, economically disadvantaged families, rural families and families and children with special needs. The program derives most of its funding from government grants.
- Personal Care Program was a licensed home care services agency that provided in-home services to clients throughout St. Lawrence County. Services included light housekeeping duties, assistance with bathing, grooming, toileting, ambulation, laundry and respite care. All care was supervised by a Registered Nurse and performed by PCA I's and II's. The major source of income for this program was through Medicaid. This program was discontinued by the Organization in June 2016.
- 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.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Nature of Activities, Continued

- Transportation - Within Community Support Services, the Organization owned and operated several vehicles as part of a transportation program. The transportation program was discontinued by the Organization in 2015.
- 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 sanitary 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 problems 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 self-funding 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.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its wholly owned subsidiary, CDP Auto Repair, LLC. All significant intercompany transactions have been eliminated. The Organization and its subsidiary are collectively referred to herein as the "Organization."

(c) Basis of Accounting

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

(d) 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 2016 and 2015.

(e) Estimates

The preparation of consolidated 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.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) 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.

(g) 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.

(h) 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 consolidated financial statements.

(i) 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 consolidated 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 consolidated statement of financial position as deferred revenue.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(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 \$967,222 and \$933,362 for the years ended December 31, 2016 and 2015, respectively, 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 consolidated statement of activities and in the consolidated 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 years ended December 31, 2016 and 2015, advertising costs amounted to \$2,091 and \$3,709, respectively.

(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 years ended December 31, 2016 and 2015, compensated absences amounted to \$53,071 and \$67,277, respectively.

(n) Subsequent Events

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

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(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 consolidated 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 consolidated financial statements. U.S. Forms 990 filed by the Organization are subject to examination by taxing authorities.

(p) Reclassifications

Reclassifications have been made to certain 2015 balances in order to conform them to the 2016 presentation.

(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, 2016. At December 31, 2015, uncollateralized and uninsured cash balances amounted to \$9,774.

(3) Receivables

Receivables consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Accounts receivable:		
Weatherization	\$ 5,877	847
Personal Care	-	125,263
Head Start	1,100	900
Housing Choice	34,019	3,599
Grants receivable:		
Weatherization	82,218	-
Head Start	11,262	211,040
Neighborhood Centers	-	1,961
CDP Auto Repair, LLC	<u>2,443</u>	<u>4,969</u>
	<u>\$ 136,919</u>	<u>348,579</u>

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(4) Property and Equipment

Property and equipment at December 31, 2016 and 2015 are summarized as follows:

	<u>2016</u>	<u>2015</u>
Building	\$ 729,418	729,418
Land	48,815	48,815
Equipment	257,009	275,783
Vehicles	<u>1,046,948</u>	<u>1,236,423</u>
	2,082,190	2,290,439
Less accumulated depreciation	<u>(1,474,655)</u>	<u>(1,515,617)</u>
Net property and equipment	<u>\$ 607,535</u>	<u>774,822</u>

Depreciation expense totaled \$167,651 and \$138,594 for the years ended December 31, 2016 and 2015, respectively.

(5) In-Kind Donations

The total value of donated services recognized for the years ended December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Head Start - Professional fees and transportation	\$ 750,839	713,947
Neighborhood Centers - Services, food, supplies, clothing, etc.	<u>216,383</u>	<u>219,415</u>
Total in-kind donations	<u>\$ 967,222</u>	<u>933,362</u>

(6) Deferred Revenue

Deferred grant funds consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Weatherization	\$ 89,378	18,592
Neighborhood Centers	<u>7,240</u>	<u>16,234</u>
	<u>\$ 96,618</u>	<u>34,826</u>

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(7) Grant Income

The Organization was primarily funded through the following grants during the years ended December 31, 2016 and 2015 as follows:

<u>Funding Source</u>	<u>Grant Name</u>	<u>2016</u>	<u>2015</u>
Development Authority of the North Country	HUD - HOME Program	\$ 195,376	49,883
NYS Office of Child and Family Services	Neighborhood Centers Grant	-	7,500
NYS Housing and Community Renewal	Weatherization Assistance	612,919	594,119
NYS Department of State	CSBG	268,870	205,871
U.S. Department of Health and Human Services	Head Start	2,594,085	2,871,500
U.S. Department of Agriculture	CACFP	111,950	116,408
Department of Homeland Security	Emergency Food and Shelter Program	12,771	23,205
Other		<u>1,400</u>	<u>-</u>
		<u>\$ 3,797,371</u>	<u>3,868,486</u>

(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 years ended December 31, 2016 and 2015 amounted to \$103,829 and \$109,794, respectively.

(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 years ended December 31, 2016 and 2015 amounted to \$116,576 and \$137,217, respectively.

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

2017	\$ 69,709
2018	56,859
2019	47,360
2020	37,290
2021	23,020
Thereafter	<u>13,150</u>
	<u>\$ 247,388</u>

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(10) Capital Leases

The Organization is 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 are 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 2016 and 2015.

(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 46% and 48% of the Organization's total revenue in 2016 and 2015, respectively.

(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.

The Organization was subject to a personal care services audit for Medicaid payments for the period from January 1, 2010 through December 31, 2012. The Division of Administration of the Office of Medicaid Inspector General has a recapture of \$121,045, which the Organization is actively attempting to appeal. The likelihood of a successful appeal cannot be determined at this time.

(13) Related Party Transaction

The Organization had leased a auto repair shop owned by an individual, who was serving as the Organization's Director of Transportation. The lease was terminated after April 2016 upon the dissolution of CDP Auto Repair, LLC. Total rent expense paid under the terms of this lease amounted to \$4,600 and \$13,800 for the years ended December 31, 2016 and 2015, respectively.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY
Schedule of Expenditures of Federal Awards
Year ended December 31, 2016

<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	93.600	02CH1035/51	\$ 2,594,085	-
Passed through New York State Department of State:				
Community Services Block Grant 16-17	93.569	C1000320	52,184	-
Community Services Block Grant 15-16	93.569	C1000320	192,359	-
Community Services Block Grant 2016	93.569	C1000320	24,327	
Passed through New York State Division of Housing and Community Renewal:				
Low-Income Home Energy Assistance	93.568	C092060-16	319,162	-
Low-Income Home Energy Assistance	93.568	C092060-15	<u>26,900</u>	<u>-</u>
Total U.S. Department of Health and Human Services			3,209,017	-
U.S. Department of Homeland Security - Emergency Food and Shelter National Board Program	97.024	625400-001	12,771	-
U.S. Department of Agriculture - Child and Adult Care Food Program	10.558		111,950	-
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		195,376	-
U.S. Department of Energy - passed through New York State Division of Housing and Community Renewal Weatherization Assistance for Low-Income Persons	81.042	C092060-16	<u>199,073</u>	<u>-</u>
Total Federal Awards			<u>\$ 3,728,187</u>	<u>-</u>

(1) Direct Federal Award

See accompanying notes to schedule of expenditures of federal awards.

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY

Notes to Schedule of Expenditures of Federal Awards

December 31, 2016

(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. and Subsidiary. 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. and Subsidiary 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. and Subsidiary'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 consolidated financial statements of St. Lawrence County Community Development Program, Inc. and Subsidiary (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2016 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated May 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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 consolidated 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
May 1, 2017

**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. and Subsidiary'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, 2016. 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 the 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. and Subsidiary 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, 2016.

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
May 1, 2017

ST. LAWRENCE COUNTY COMMUNITY DEVELOPMENT PROGRAM, INC.
AND SUBSIDIARY

Schedule of Findings and Questioned Costs
Year ended December 31, 2016

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the consolidated 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 program audited was: | | | | |
| <u>Name of Federal Program</u> | | | <u>CFDA Number</u> | |
| Head Start | | | 93.600 | |
| 8. Dollar threshold used to distinguish between Type A and Type B programs? | | | \$750,000 | |
| 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.
AND SUBSIDIARY

Schedule of Prior Year Audit Findings

December 31, 2016

There were no audit findings with regard to the prior year consolidated financial statements (December 31, 2015).