

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC.
AND SUBSIDIARIES**

Roanoke, Virginia

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2017 and 2016

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

Roanoke, Virginia

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Roanoke, Virginia

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**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

OFFICERS

Charlotte Moore
Roanoke, Virginia
Chairman

Annette Lewis
Roanoke, Virginia
President

John D'Orazio
Roanoke, Virginia
First Vice Chair

Sandra Pratt
Roanoke, Virginia
Second Vice Chair

Jennifer Eversole
Roanoke, Virginia
Treasurer

Brenda Hale
Roanoke, Virginia
Secretary

Harriett Woodward
Covington, Virginia
Assistant Secretary

W. Lee Wilhelm, III
Roanoke, Virginia
Chair Emeritus

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

BOARD OF DIRECTORS

Vicky Agnor (Rockbridge County)
Lexington, Virginia

David Allen (Pinnacle Financial Partners)
Roanoke, Virginia

Craig Balzer (TVW Board of Commissioners)
Roanoke, Virginia

Monique Clemont (Homeless Advisory Council)
Roanoke, Virginia

Claire Collins (Bath County)
Hot Springs, Virginia

Alicia Dorr (Head Start Policy Council)
Roanoke, Virginia

Arne Glaeser (Lexington County)
Lexington, Virginia

Clay Goodman (Craig County)
New Castle, Virginia

Kim Gregory (Head Start Advisory Committee)
Roanoke, Virginia

Michael Hertz (Roanoke Bar Association)
Roanoke, Virginia

Rita Joyce (Susan G. Komen Virginia)
Roanoke, Virginia

Baraka Kasongo (Family Services of Roanoke, Valley, Inc.)
Roanoke, Virginia

Billy Martin, Sr. (Botetourt County)
Blue Ridge, Virginia

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**BOARD OF DIRECTORS
(Continued)**

Melinda Payne (City of Salem)
Salem, Virginia

Charles Price (Harrison Museum of African American Culture)
Roanoke, Virginia

Cleo Sims (SCLC)
Roanoke, Virginia

Keith Rickoff (Freedom First)
Roanoke, Virginia

Charlie Robbins (Roanoke Regional Chamber of Commerce)
Roanoke, Virginia

Lorena Taylor-Rollins Wilson (Roanoke Branch NAACP)
Roanoke, Virginia

David Trinkle (Roanoke City)
Roanoke, Virginia

Clarice Walker (Loudon/Melrose Neighborhood)
Roanoke, Virginia

Christine Williams (Hurt Park Neighborhood Alliance)
Roanoke, Virginia



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Total Action Against Poverty in the Roanoke Valley, Inc.
Roanoke, Virginia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries (TAP, a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and related notes to the consolidated financial statements.

Management's Responsibility for the 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 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 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 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 entity'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 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 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 Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying schedules on pages 21 through 38 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. 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*, 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 audits of 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 December 18, 2017, on our consideration of TAP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 TAP's internal control over financial reporting and compliance.

Anderson + Reed, LLP

Roanoke, Virginia
December 18, 2017

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Consolidated Statements of Financial Position
June 30, 2017 and 2016**

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and cash equivalents	\$ 153,468	\$ 139,955
Grants receivable	1,361,309	842,405
Other receivables	646,512	568,813
Other assets	<u>32,990</u>	<u>31,653</u>
Total current assets	2,194,279	1,582,826
Property and Equipment – Net	4,998,611	5,203,048
Note Receivable – Related Party	<u>968,000</u>	<u>968,000</u>
Total assets	<u>\$ 8,160,890</u>	<u>\$ 7,753,874</u>
 <u>LIABILITIES and NET ASSETS</u> 		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 1,106,789	\$ 516,397
Lines of credit	633,730	766,079
Current portion of notes payable	69,879	171,283
Annual leave	40,579	50,102
Deferred revenue	<u>563,609</u>	<u>698,056</u>
Total current liabilities	2,414,586	2,201,917
Long-Term Portion of Notes Payable	<u>872,053</u>	<u>897,298</u>
Total liabilities	3,286,639	3,099,215
Net Assets – Unrestricted	<u>4,874,251</u>	<u>4,654,659</u>
Total liabilities and net assets	<u>\$ 8,160,890</u>	<u>\$ 7,753,874</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Consolidated Statements of Activities
For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE:		
Grants	\$ 18,688,551	\$ 17,080,333
USDA	671,381	650,219
Program income	137,096	158,775
Rental income	89,320	75,162
Other earned income	888,936	764,025
Local cash	274,091	306,580
Contributions	245,499	146,889
Interest	5,776	7,724
In kind	<u>994,760</u>	<u>1,160,984</u>
Total support and revenue	<u>21,995,410</u>	<u>20,350,691</u>
EXPENSES:		
Program services	<u>19,340,656</u>	<u>17,997,816</u>
Supporting services:		
Management and general	1,880,069	1,709,658
Fund raising	<u>555,093</u>	<u>607,065</u>
Total supporting services	<u>2,435,162</u>	<u>2,316,723</u>
Total expenses	<u>21,775,818</u>	<u>20,314,539</u>
Change in Net Assets	219,592	36,152
UNRESTRICTED NET ASSETS		
Beginning	<u>4,654,659</u>	<u>4,618,507</u>
Ending	<u>\$ 4,874,251</u>	<u>\$ 4,654,659</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Consolidated Statements of Functional Expenses
For the Years Ended June 30, 2017 and 2016**

<u>2017</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 8,045,312	\$ 642,096	\$ 279,227	\$ 8,966,635
Payroll Taxes and Fringe Benefits	2,480,568	228,037	91,195	2,799,800
Contractual	3,776,813	396,031	59,115	4,231,959
Travel	613,841	21,977	4,969	640,787
Space	430,847	61,877	14,412	507,136
Supplies	1,525,434	89,923	34,507	1,649,864
Emergency Assistance	287,576	-	-	287,576
Other	968,298	88,395	68,449	1,125,142
Depreciation and Amortization	188,960	111,588	2,426	302,974
In Kind	994,760	-	-	994,760
Operating Expense Rental Property	-	185,905	-	185,905
Interest	<u>28,247</u>	<u>54,240</u>	<u>793</u>	<u>83,280</u>
Total	<u>\$ 19,340,656</u>	<u>\$ 1,880,069</u>	<u>\$ 555,093</u>	<u>\$ 21,775,818</u>
<u>2016</u>				
Salaries and Wages	\$ 7,682,819	\$ 609,156	\$ 293,845	\$ 8,585,820
Payroll Taxes and Fringe Benefits	2,426,741	208,528	103,929	2,739,198
Contractual	2,898,679	375,487	117,541	3,391,707
Travel	529,511	22,814	8,352	560,677
Space	420,702	63,804	12,709	497,215
Supplies	1,400,430	45,030	15,762	1,461,222
Emergency Assistance	399,825	-	-	399,825
Other	765,978	106,196	54,927	927,101
Depreciation and Amortization	276,277	37,674	-	313,951
In Kind	1,160,984	-	-	1,160,984
Operating Expense Rental Property	-	194,482	-	194,482
Interest	<u>35,870</u>	<u>46,487</u>	<u>-</u>	<u>82,357</u>
Total	<u>\$ 17,997,816</u>	<u>\$ 1,709,658</u>	<u>\$ 607,065</u>	<u>\$ 20,314,539</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 219,592	\$ 36,152
Adjustments to reconcile change in net assets to net cash provided by in operating activities:		
Depreciation	302,974	313,951
Changes in assets and liabilities:		
Increase in grants receivable	(518,904)	(241,391)
(Increase) decrease in other receivables	(77,699)	872,217
(Increase) decrease in other assets	(1,337)	14,928
Increase (decrease) in accounts payable and accrued expenses	590,392	(82,053)
Decrease in annual leave	(9,523)	(10,275)
Decrease in deferred revenue	<u>(134,447)</u>	<u>(351,265)</u>
Net cash provided by operating activities	<u>371,048</u>	<u>552,264</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(98,537)</u>	<u>(200,235)</u>
FINANCING ACTIVITIES		
Principal payments on long-term notes payable	(126,649)	(172,425)
Net payments on lines of credit	<u>(132,349)</u>	<u>(328,014)</u>
Net cash used in financing activities	<u>(258,998)</u>	<u>(500,439)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	13,513	(148,410)
CASH AND CASH EQUIVALENTS		
Beginning	<u>139,955</u>	<u>288,365</u>
Ending	<u>\$ 153,468</u>	<u>\$ 139,955</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 83,280</u>	<u>\$ 82,357</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

Note 1. Nature of Activities

Total Action Against Poverty in the Roanoke Valley, Inc. (TAP or the Organization) is a nonprofit corporation organized to carry out community action programs which are generally funded by grants from local, state and Federal agencies. Such grants usually require compliance with prescribed grant conditions and other special requirements, including the furnishing of certain amounts of cash or non-cash contributions.

The consolidated financial statements include the accounts of TAP and its wholly-owned subsidiaries, TAAP Real Property I, LLC, TAAP Real Property II, LLC, Terrace Management, LLC, and TAP Neighborhood Strategies, LLC. All material interorganization transactions have been eliminated.

Note 2. Change in Consolidation Policy

In February 2015, the FASB issued ASU 2015-2, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*, which affects any reporting entity that is required to evaluate whether it needs to consolidate certain legal entities. Specifically, ASU 2015-02 supersedes the general presumption of control by a general partner in a limited partnership. The guidance may be applied using either a modified retrospective approach or retrospectively; and is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2015. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted. Management elected to early adopt the provisions of this new standard retrospectively. Due to Management's evaluation and analysis of the guidance provided by the amendment, it was determined that consolidation of Terrace North, LP and Terrace South, LP is no longer required, resulting in a decrease in unrestricted assets (non-controlling interest) of \$14,802,385 as of July 1, 2015.

Note 3. Summary of Significant Accounting Policies

Basis of Accounting:

The consolidated financial statements of the Organization have been prepared on the accrual basis.

Financial Statement Presentation:

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Currently the Organization has no assets that are temporarily or permanently restricted.

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

Note 3. Summary of Significant Accounting Policies (Continued)

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for the general programs of the Organization unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated 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 are booked in the unrestricted class for restrictions expiring during the same fiscal year.

Revenues:

Revenues are recognized in the accompanying financial statements as follows:

Grant and Reimbursement Contracts:

The funds due from various funding sources under grants and reimbursement contracts are recognized as revenue in the accounting period when the expenditures are incurred and the grant funds are earned.

Performance Revenues:

The amount due on performance contracts is recognized as revenue in the period when the contracted objectives have been accomplished.

Program Income:

The amount due from various agency programs for services provided is recognized as revenue in the accounting period when the administrative support and outreach services are provided.

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

Note 3. Summary of Significant Accounting Policies (Continued)

In Kind Contributions:

In kind contributions are recorded at fair market value and recognized as revenue in the accounting period when they are received.

Interest Income:

Interest income is recognized in the accounting period when it is earned. TAP maintains funds received from various sources in interest-bearing accounts. The portion of interest earned on advances of direct Federal funds is remitted to the Federal funding sources in accordance with OMB Circular A-110. The interest earned on other funds is included in unrestricted funds and is used to support TAP's programs.

Vacation Pay:

Vacation pay is recognized as expense in the period when it is earned. Accrued vacation pay earned, but not paid, at June 30, 2017 and 2016 was \$40,579 and \$50,102, respectively.

Cost Allocation:

The following is a summary of significant cost allocation policies used in the preparation of the audited financial statements.

Cost allocation operates in accordance with a cost allocation plan and indirect cost proposal developed annually. The plan/proposal identifies direct and indirect shared costs and the financial basis for cost sharing. It also identifies various nonfinancial bases for allocating certain costs as direct costs.

Total modified direct costs (excluding capital expenditures, subawards and flow-through funds) have been selected as the most appropriate base in relation to the kinds of indirect costs incurred. Total direct costs constitute a relatively broad financial base that is quickly determinable and self-adjusting in reflecting changes in cost distributions. The indirect costs include an amount from agencies for which TAP provides contractual services.

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

Note 3. Summary of Significant Accounting Policies (Continued)

Joint costs are allocated to benefiting programs using an indirect cost rate not to exceed 12.65% based on direct costs. Joint costs are those costs incurred for the common benefit of all agency programs, but which cannot be readily identified with a final cost objective.

Other cost allocation methods are as follows:

Personnel:

Agency administrative and financial personnel (executive director, deputy director, finance director, personnel director, etc.) charge their time to a joint cost administrative account for allocation to benefiting programs as noted above (to the extent of available indirect costs based on the cost rate stated above). Programmatic employees working on specific programs are charged directly to the accounts for those programs.

Supplies:

All supplies are charged to the program that benefits from the use of the supplies. For the most part, supplies are not stockpiled but are purchased specifically for use in a particular program.

Building:

Space costs (rent and maintenance costs) are allocated based on the number of square feet of space each program occupies. Space occupied by administrative staff is allocated based upon the joint cost allocation.

Insurance:

Insurance is allocated to benefiting programs based primarily on a percentage of payroll.

Use of Grant Funds:

The funds received from various funding sources must be used in accordance with the contractual agreement with the respective funding source. Unexpended amounts at the end of a contract period must be returned to the appropriate funding source.

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

Note 3. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses:

In the accompanying statement of functional expenses, all expenses are allocated based upon the functions to which they relate. Expenses were allocated among the functional categories on the basis of specific identification and estimates of time spent and benefits derived.

Property and Equipment:

Property and equipment in excess of \$5,000 are capitalized. Acquisitions are recorded at cost if purchased and at fair value if donated. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Organization costs are amortized using the straight-line basis over fifteen years.

Cash and Cash Equivalents:

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Note 4. Property and Equipment

Property and equipment consists of the following:

	2017	2016
Land	\$ 1,061,955	\$ 1,068,005
Building and improvements	7,281,209	7,392,788
Fixtures and equipment	1,013,270	1,031,512
Vehicles	1,101,817	962,895
Total property and equipment	10,458,251	10,455,200
Less accumulated depreciation	5,459,640	5,252,152
Net property and equipment	\$ 4,998,611	\$ 5,203,048

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

Note 5. Notes Payable

Notes payable at June 30, 2017 and 2016 consist of the following:

<u>Payable To</u>	<u>Due</u>	<u>Interest Rate</u>	<u>2017</u>	<u>2016</u>	<u>Security</u>
BB&T	Monthly installments of \$1,481, including interest, with balloon payment due May 2019	Prime rate plus 1.25%	\$ 90,315	\$ 100,389	Real estate
Various Banks	Various	Various	-	12,661	Unsecured
Union First Market Bank	Monthly installments of \$2,525, including interest	4.00%	353,038	371,209	Real estate
BB&T	Monthly installments of \$3,299, including interest	2.95%	366,260	405,845	Real estate
Central United Methodist Church	Monthly installments of \$505, including interest	5.00%	-	36,107	Real estate
SunTrust Bank	Monthly installments of \$1,414, including interest, with balloon payment due May, 2020	4.95%	132,319	142,370	Real estate
Total			<u>941,932</u>	<u>1,068,581</u>	
Less portion due currently			<u>69,879</u>	<u>171,283</u>	
Noncurrent portion			<u>\$ 872,053</u>	<u>\$ 897,298</u>	

An amortization schedule of the principal payments as of June 30 of each year is as follows:

2018	\$ 146,627
2019	57,775
2020	159,879
2021	50,448
2022	52,157

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

Note 6. Lines of Credit

TAP has a line of credit payable on demand in the amount of \$1,000,000 with BB&T. Interest is payable at the bank's prime rate plus 1% with a minimum rate of 5.25%. The line is secured by the Organization's assets and had a balance of \$488,530 and \$701,567 at June 30, 2017 and 2016, respectively. The line is subject to renewal on July 5, 2018.

TAP also has a construction line of credit of \$160,000 with First Citizens Bank. Interest is payable at 4% and the balance at June 30, 2017 and 2016 was \$145,200 and \$64,512, respectively.

Note 7. Income Taxes

Total Action Against Poverty in the Roanoke Valley, Inc. is a nonprofit corporation exempt from Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Federal tax related filings of TAP are subject to examination by the IRS, generally for three years after they are filed.

Note 8. Local Government Support

Local governments within TAP's service area provided the following support for various TAP programs:

	<u>2017</u>	<u>2016</u>
Alleghany County	\$ 5,775	\$ 11,550
Bath County	2,000	4,000
Botetourt County	1,000	1,000
City of Buena Vista	-	5,400
City of Lexington	2,000	2,000
Craig County	-	365
Roanoke City	179,051	160,000
Roanoke County	35,600	73,600
Rockbridge County	13,600	13,600
Salem	35,065	35,065
	<u>\$ 274,091</u>	<u>\$ 306,580</u>

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

Note 9. Pension Plan

The Organization participates in a retirement and 401(k) Plan for the benefit of its employees. Employees become eligible to participate in the plan on the first day of a new quarter (April 1, July 1, October 1 and January 1) following the completion of three months of service. The plan provides retirement benefits to employees commencing with their normal retirement age of 65. After two years of service, employees become eligible for the Organization's contribution to the plan. The Organization contributed an amount equal to 4% of each participant's compensation for the fiscal year and a 2% match of eligible employees' deferred contributions. During the years ended June 30, 2017 and 2016, TAP contributed \$332,348 and \$316,834, respectively, to the plan which is included in fringe benefits in the financial statements.

Note 10. Related Party Transactions

The Organization is a general partner and a .01% owner of Terrace North, LP and Terrace South, LP. These partnerships were formed to maintain and operate affordable apartment developments located in Roanoke, Virginia, of which the dwelling units are being set aside for rental to persons of low income. The partnerships are not consolidated in these financial statements (see Note 2).

The Organization received the following income (included in other earned income in the consolidated statement of activities) from the two partnerships for the years ended June 30:

	<u>2017</u>		<u>2016</u>	
	<u>Terrace North, LP</u>	<u>Terrace South, LP</u>	<u>Terrace North, LP</u>	<u>Terrace South, LP</u>
Maintenance Fee	\$ 96,698	\$ 131,495	\$ 116,367	\$ 154,815
Management Fee	23,739	34,487	23,382	32,604
Bookkeeping Fee	2,340	3,270	2,340	3,270

The Organization has notes receivable from Terrace North, LP and Terrace South, LP of \$468,000 and \$500,000, respectively. The notes bear no interest rate and are due in December, 2026.

Note 11. Subsequent Events

Management has evaluated subsequent events through December 18, 2017, the date which the financial statements were available for issue.

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017**

	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Department of Health and Human Services:		
Direct programs:		
Head Start	93.600	\$ 11,011,620
Fathers First	93.086	298,395
CED	93.570	<u>61,440</u>
Subtotal Department of Health and Human Services – direct programs		<u>11,371,455</u>
Pass-through programs from:		
Virginia Department of Housing and Community Development – LIHEAP	93.568	783,828
Virginia Department of Criminal Justice Services – Victims of Crime	16.575	<u>205,121</u>
Subtotal Department of Health and Human Services – pass-through programs		<u>988,949</u>
Total Department of Health and Human Services		<u>12,360,404</u>
 Department of Labor:		
Direct programs:		
Veterans	17.805	188,078
YouthBuild	17.274	389,666
YALE	17.270	<u>628,492</u>
Total Department of Labor		<u>1,206,236</u>
 Department of Housing and Urban Development:		
Direct programs:		
Permanent Supplemental Housing	14.267	250,166
Veterans Administration	64.033	373,030
Housing Counseling	14.169	<u>11,369</u>
Total Department of Housing and Urban Development		<u>634,565</u>

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017**

	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Department of Agriculture:		
Direct program:		
Child and Adult Care Fund Program	10.558	\$ <u>650,219</u>
Department of Social Services:		
Pass-through programs from:		
Virginia Department of Social Services:		
CSBG	93.569	693,597
CSBG TANF	93.558	<u>120,000</u>
Total Department of Social Services		<u>813,597</u>
Department of Energy:		
Pass-through programs from:		
Virginia Department of Housing and Community Development:		
Weatherization Assistance for Low-Income Persons	81.042	<u>153,724</u>
Department of Justice:		
Pass-through programs from:		
Virginia Department of Criminal Justice:		
BYRNE	16.579	<u>104,611</u>
Total Expenditures of Federal Awards		<u>\$ 15,923,356</u>

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017**

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal awards (the Schedule) includes the Federal award activity of TAP under programs of the Federal government for the year ended June 30, 2017. 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 operation of TAP, it is not intended to and does not present the financial position, changes in net assets, or cash flows of TAP.

Note B – Summary of Significant Accounting Policies

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

Note C – Indirect Cost Rate

TAP has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on whether the consolidated financial statements of TAP were prepared in accordance with GAAP.
2. **No significant deficiencies or material weaknesses in internal control** relating to the audit of the consolidated financial statements were reported in the 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*.
3. **No instances of noncompliance** material to the consolidated financial statements of TAP were disclosed during the audit.
4. **No significant deficiencies or material weaknesses in internal control** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for TAP expresses an **unmodified opinion on all major federal programs**.
6. The audit disclosed **no audit findings required to be reported in accordance with 2 CFR Section 200.516(a) relative to the major programs**.
7. The programs tested as major federal programs were:

93.600	Department of Health and Human Services - Head Start
17.270	Department of Labor – Training to Work 3 – Adult Re-entry
17.270	Department of Labor – Face Forward 3 – Intermediary and Community
8. The **threshold** for distinguishing Types A and B programs was \$750,000.
9. **Total Action Against Poverty in the Roanoke Valley, Inc. was determined to be a low-risk auditee.**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017**

There were **no audit findings** for the year ended June 30, 2016.

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Summary of Lease Agreements
For the Year Ended June 30, 2017**

<u>Lessor</u>	<u>Property Location</u>	<u>Lease Duration</u>	<u>Amount</u>	<u>Program Use</u>
City of Salem	Old Train Station in Salem	7/1/15 – 6/30/18	Contribution	Head Start
Caru Realty	Caru Community Center 3417 Bennett Drive, N.W. Roanoke, Virginia	4/1/17 – 3/31/18	Contribution	Head Start
First Baptist Church	413 N. Jefferson Street Roanoke, Virginia	Month to Month	\$ 1,800	Head Start
Northwest Neighborhood Environmental Organization, Inc.	206 Ninth Street, N.W. Roanoke, Virginia	2/1/17 – 1/31/18	106,125	Head Start
Roanoke Redevelopment and Housing	Lincoln Terrace Admin. Building 1801 Dunbar St., N.W. Roanoke, Virginia	5/16/17 – 7/21/18	6,272	Head Start
Roanoke Redevelopment and Housing	Lansdowne Park Admin. Building 2624 Salem Turnpike, N.W. Roanoke, Virginia	5/16/17 – 7/21/18	3,199	Head Start
Roanoke Redevelopment and Housing	Indian Rock Village Child Development Center 1916 Wise Avenue, S.E. Roanoke, Virginia	5/16/17 – 7/21/18	9,107	Head Start

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

**Summary of Lease Agreements
For the Year Ended June 30, 2017**

<u>Lessor</u>	<u>Property Location</u>	<u>Lease Duration</u>	<u>Amount</u>	<u>Program Use</u>
Diocese of Southwestern Virginia	1000 First Street Roanoke, Virginia	Month to Month	Contribution	Head Start
St. John's Episcopal Church	Jefferson Street Roanoke, Virginia	1/1/17 – 12/31/17	\$ 14,400	Head Start
Belmont Christian Church	1101 Jamison Avenue Roanoke, Virginia	1/1/17 – 12/31/18	8,400	Head Start
Kirk Avenue Properties, LLC	112 Kirk Avenue Roanoke, Virginia	Month to Month	38,676	Safe Haven
Roanoke Higher Education Authority	108 N. Jefferson Street Roanoke, Virginia	7/1/17 – 6/30/18	117,453	TVW
Roanoke Higher Education Authority	108 N. Jefferson Street Roanoke, Virginia	7/1/17 – 6/30/19	110,309	Head Start
Roanoke City Public Schools	2102 Grandin Road Roanoke, Virginia 24015	Month to Month	Contribution	Head Start
Summerdean Farms, Inc.	2164 E. Midland Trail Buena Vista, Virginia	1/1/17 – 1/31/19	66,000	Head Start

Lease commitments for the fiscal years ending in 2018 and 2019 are \$271,122 and \$60,654, respectively.

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

Head Start Program

**Schedule of Grant Revenue and Expenditures
For the Year Ended June 30, 2017**

	<u>Head Start Full Year Part Day</u>		<u>Training and Technical Assistance</u>		<u>Total</u>
	<u>April 30,</u>		<u>April 30,</u>		
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	
	<u>Ten Months</u>	<u>Two Months</u>	<u>Ten Months</u>	<u>Two Months</u>	
REVENUE					
Grants	\$ 5,675,999	\$ 939,556	\$ 65,064	\$ 708	\$ 6,681,327
USDA	455,436	52,312	-	-	507,748
In kind	<u>1,593,878</u>	<u>296,404</u>	<u>-</u>	<u>-</u>	<u>1,890,282</u>
Total revenue	<u>7,725,313</u>	<u>1,288,272</u>	<u>65,064</u>	<u>708</u>	<u>9,079,357</u>
EXPENDITURES					
Salaries and wages	2,752,737	479,695	-	-	3,232,432
Fringe benefits	906,545	170,247	-	-	1,076,792
Contractual	609,822	40,610	-	-	650,432
Travel	74,733	6,098	113	-	80,944
Space	184,209	36,023	151	-	220,383
Supplies	411,004	36,051	7,787	-	454,842
Equipment	13,743	6,439	-	-	20,182
Other	1,180,335	216,705	57,013	708	1,454,761
In kind	<u>1,593,878</u>	<u>296,404</u>	<u>-</u>	<u>-</u>	<u>1,890,282</u>
Total expenditures	<u>7,727,006</u>	<u>1,288,272</u>	<u>65,064</u>	<u>708</u>	<u>9,081,050</u>
Revenue Under Expenditures	(1,693)	-	-	-	(1,693)
FUND BALANCE					
Beginning	<u>1,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,693</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

Early Head Start Program

**Schedule of Grant Revenue and Expenditures
For the Year Ended June 30, 2017**

	<u>Head Start Full Year Part Day</u>		<u>Training and Technical Assistance</u>		<u>Total</u>
	<u>April 30,</u>		<u>April 30,</u>		
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	
	<u>Ten Months</u>	<u>Two Months</u>	<u>Ten Months</u>	<u>Two Months</u>	
REVENUE					
Grants	\$ 2,327,436	\$ 440,832	\$ 62,746	\$ 327	\$ 2,831,341
USDA	146,947	16,687	-	-	163,634
In kind	<u>506,717</u>	<u>95,092</u>	<u>-</u>	<u>-</u>	<u>601,809</u>
Total revenue	<u>2,981,100</u>	<u>552,611</u>	<u>62,746</u>	<u>327</u>	<u>3,596,784</u>
EXPENDITURES					
Salaries and wages	1,309,976	262,843	-	-	1,572,819
Fringe benefits	404,995	87,359	-	-	492,354
Contractual	97,439	8,332	-	-	105,771
Travel	10,726	1,845	5,977	-	18,548
Space	54,582	10,917	151	-	65,650
Supplies	120,243	14,144	30,409	177	164,973
Equipment	3,864	676	-	-	4,540
Other	472,558	71,403	26,209	150	570,320
In kind	<u>506,717</u>	<u>95,092</u>	<u>-</u>	<u>-</u>	<u>601,809</u>
Total expenditures	<u>2,981,100</u>	<u>552,611</u>	<u>62,746</u>	<u>327</u>	<u>3,596,784</u>
Revenue Over Expenditures	-	-	-	-	-
FUND BALANCE					
Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

Head Start Partnership Program

**Schedule of Grant Revenue and Expenditures
For the Year Ended June 30, 2017**

	<u>Start-Up</u>	<u>Partnership</u>	<u>Training & Technical Assistance</u>	<u>Supplemental Funds</u>	<u>Total</u>
REVENUE					
Grants	\$ 94,297	\$ 3,077,212	\$ 176,600	\$ 5,934	\$ 3,354,043
Program	-	36,000	-	-	36,000
In kind	-	206,742	-	-	206,742
	<u>94,297</u>	<u>3,319,954</u>	<u>176,600</u>	<u>5,934</u>	<u>3,596,785</u>
Total revenue					
EXPENDITURES					
Salaries and wages	-	242,719	-	-	242,719
Fringe benefits	-	80,572	-	-	80,572
Contractual	46,257	1,609,334	4,440	-	1,660,031
Travel	13,967	18,247	57,838	-	90,052
Space	-	15,636	1,268	-	16,904
Supplies	19,110	211,708	22,375	50	253,243
Equipment	-	484,503	-	4,698	489,201
Other	15,110	449,407	90,679	1,260	556,456
In Kind	-	206,742	-	-	206,742
	<u>94,444</u>	<u>3,318,868</u>	<u>176,600</u>	<u>6,008</u>	<u>3,595,920</u>
Total expenditures					
Revenue Over (Under) Expenditures	(147)	1,086	-	(74)	865
FUND BALANCE					
Beginning	-	-	-	-	-
Ending	<u>\$ (147)</u>	<u>\$ 1,086</u>	<u>\$ -</u>	<u>\$ (74)</u>	<u>\$ 865</u>

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

Virginia Department of Social Services

**Schedule of Grant Revenue and Expenditures
For the Year Ended June 30, 2017**

	<u>Community Service Block Grant</u>			
	<u>Federal</u>	<u>State and TANF</u>	<u>Domestic Violence</u>	<u>Total</u>
REVENUE				
Grants	\$ 646,164	\$ 255,000	\$ 145,403	\$ 1,046,567
Program	10,480	-	-	10,480
Indirect revenue	279,108	-	-	279,108
Other revenue	916,646	-	-	916,646
	<u>1,852,398</u>	<u>255,000</u>	<u>145,403</u>	<u>2,252,801</u>
Total revenue				
EXPENDITURES				
Salaries and wages	1,015,509	55,417	59,700	1,130,626
Fringe benefits	312,075	24,360	13,100	349,535
Contractual	159,940	19,434	5,000	184,374
Travel	70,219	9,799	12,101	92,119
Space	68,116	24,813	273	93,202
Supplies	46,242	2,212	11,641	60,095
Equipment	48,273	-	8,500	56,773
Emergency Assistance	-	7,713	-	7,713
Other	132,908	111,252	35,088	279,248
	<u>1,853,282</u>	<u>255,000</u>	<u>145,403</u>	<u>2,253,685</u>
Total expenditures				
Revenue Under Expenditures	(884)	-	-	(884)
FUND BALANCE				
Beginning	(18,566)	(440)	(10,826)	(29,832)
Ending	<u>\$ (19,450)</u>	<u>\$ (440)</u>	<u>\$ (10,826)</u>	<u>\$ (30,716)</u>

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

Housing Revitalization Programs

**Schedule of Grant Revenue and Expenditures
For the Year Ended June 30, 2017**

	<u>Roanoke City Homeless Solutions</u>
REVENUE	
Local cash	<u>\$ 39,000</u>
EXPENDITURES	
Salaries and wages	10,971
Fringe benefits	2,750
Contractual	41
Travel	2,293
Supplies	7,371
Equipment	2,741
Other	<u>2,326</u>
Total expenditures	<u>28,493</u>
Revenue Over Expenditures	10,507
FUND BALANCE	
Beginning	<u>5,357</u>
Ending	<u>\$ 15,864</u>

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

Department of Housing and Community Development Programs

**Schedule of Grant Revenue and Expenditures
For the Year Ended June 30, 2017**

	<u>Weatherization</u>	<u>Emergency Home Repair</u>	<u>Indoor Plumbing</u>	<u>Total</u>
REVENUE				
Grants	\$ 776,853	\$ 120,946	\$ 492,975	\$ 1,390,774
Program income	-	-	15,741	15,741
Other	-	-	500	500
	<u>776,853</u>	<u>120,946</u>	<u>509,216</u>	<u>1,407,015</u>
Total revenue				
EXPENDITURES				
Salaries and wages	381,923	3,956	64,165	450,044
Fringe benefits	113,028	1,049	24,714	138,791
Contractual	16,232	102,396	431,632	550,260
Travel	47,641	-	146	47,787
Space	34,583	-	-	34,583
Supplies	88,560	-	3,450	92,010
Equipment	5,381	-	-	5,381
Other	88,717	15,224	27,892	131,833
	<u>776,065</u>	<u>122,625</u>	<u>551,999</u>	<u>1,450,689</u>
Total expenditures				
Revenue Over (Under) Expenditures	788	(1,679)	(42,783)	(43,674)
FUND BALANCE				
Beginning	<u>(40,562)</u>	<u>2,116</u>	<u>29,296</u>	<u>(9,150)</u>
Ending	<u>\$ (39,774)</u>	<u>\$ 437</u>	<u>\$ (13,487)</u>	<u>\$ (52,824)</u>

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

Weatherization

**Schedule of Grant Revenue and Expenditures
For the Year Ended June 30, 2017**

	<u>Department of Energy</u>	<u>Low Income Home Energy Assistance</u>	<u>Total</u>
REVENUE			
Grants	\$ <u>173,929</u>	\$ <u>602,924</u>	\$ <u>776,853</u>
EXPENDITURES			
Liability insurance	1,051	4,568	5,619
Materials	18,791	68,898	87,689
Program support	134,726	488,062	622,788
Health and safety	9,080	22,653	31,733
Administration	10,176	7,452	17,628
Financial audit	-	-	-
TTA	<u>105</u>	<u>10,503</u>	<u>10,608</u>
Total expenditures	<u>173,929</u>	<u>602,136</u>	<u>776,065</u>
Revenue Over Expenditures	-	788	788
FUND BALANCE			
Beginning	<u>(87,171)</u>	<u>46,609</u>	<u>(40,562)</u>
Ending	<u>\$ (87,171)</u>	<u>\$ 47,397</u>	<u>\$ 39,774</u>

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

Department of Housing and Urban Development Program

**Schedule of Grant Revenue and Expenditures
For the Year Ended June 30, 2017**

	<u>Supportive Housing Program</u>	<u>HUD Counseling</u>	<u>Total</u>
REVENUE			
Grants	\$ 245,711	\$ 55,369	\$ 301,080
Other revenue	36,268	-	36,268
Local Cash	28,665	-	28,665
Contributions	<u>18,697</u>	<u>-</u>	<u>18,697</u>
Total revenue	<u>329,341</u>	<u>55,369</u>	<u>384,710</u>
EXPENDITURES			
Salaries and wages	54,025	31,984	86,009
Fringe benefits	21,948	9,717	31,665
Contractual	21,396	-	21,396
Travel	11,466	1,107	12,573
Space	6,610	3,053	9,663
Supplies	1,728	2,072	3,800
Equipment	1,583	1,000	2,583
Emergency assistance	126,241	-	126,241
Other	<u>69,884</u>	<u>6,436</u>	<u>76,320</u>
Total expenditures	<u>314,881</u>	<u>55,369</u>	<u>370,250</u>
Revenue Over Expenditures	14,460	-	14,460
FUND BALANCE			
Beginning	<u>(53,656)</u>	<u>(19,167)</u>	<u>(72,823)</u>
Ending	<u><u>\$ (39,196)</u></u>	<u><u>\$ (19,167)</u></u>	<u><u>\$ (58,363)</u></u>

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

Roanoke City Revenue

**Schedule of Grant Revenue and Expenditures
For the Year Ended June 30, 2017**

	Total
REVENUE	
Grants	\$ 34,866
Program	8,010
Local cash	93,000
Contributions	5,000
Total revenue	140,876
 EXPENDITURES	
Salaries and wages	29,295
Fringe benefits	6,817
Contractual	55,212
Travel	5,217
Space	14,837
Supplies	5,535
Equipment	313
Other	15,752
Total expenditures	132,978
Revenue Over Expenditures	7,898
 FUND BALANCE	
Beginning	37,446
Ending	\$ 45,344

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

Education Revenue

**Schedule of Grant Revenue and Expenditures
For the Year Ended June 30, 2017**

	<u>Project Discovery of Virginia</u>
REVENUE	
Grants	\$ 37,057
In kind	<u>81,505</u>
Total revenue	<u>118,562</u>
EXPENDITURES	
Salaries and wages	26,982
Fringe benefits	6,557
Contractual	41
Travel	360
Supplies	596
Other	4,943
In kind	<u>81,505</u>
Total expenditures	<u>120,984</u>
Revenue Under Expenditures	(2,422)
FUND BALANCE	
Beginning	<u>(16,493)</u>
Ending	<u>\$ (18,915)</u>

**TOTAL ACTION AGAINST POVERTY
IN THE ROANOKE VALLEY, INC. AND SUBSIDIARIES**

Other Funds

**Schedule of Grant Revenue and Expenditures
For the Year Ended June 30, 2017**

	<u>Virginia Cares</u>	<u>United Way Roanoke Valley</u>
REVENUE		
Grants	\$ 113,797	\$ 211,164
Other revenue	<u> -</u>	<u> 1,113</u>
Total revenue	<u> 113,797</u>	<u> 212,277</u>
EXPENDITURES		
Salaries and wages	70,048	79,788
Fringe benefits	15,013	27,885
Contractual	-	28,913
Travel	9,186	7,055
Space	5,952	2,089
Supplies	642	4,068
Equipment	-	1,899
Other	<u> 12,956</u>	<u> 22,163</u>
Total expenditures	<u> 113,797</u>	<u> 173,860</u>
Revenue Over Expenditures	-	38,417
FUND BALANCE		
Beginning	<u> (16,733)</u>	<u> 127,450</u>
Ending	<u> \$ (16,733)</u>	<u> \$ 165,867</u>



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

To the Board of Directors

Total Action Against Poverty in the Roanoke Valley, Inc.

Roanoke, 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 consolidated financial statements of Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries (hereinafter referred to as TAP) (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2017, and the related statements of activities, net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 18, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered TAP's internal control over financial reporting 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 TAP's internal control. Accordingly, we do not express an opinion on the effectiveness of TAP'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 TAP'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 consolidated 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.

Anderson & Reed, LLP

Roanoke, Virginia
December 18, 2017



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

To the Board of Directors

Total Action Against Poverty in the Roanoke Valley, Inc.

Roanoke, Virginia

Report on Compliance for Each Major Federal Program

We have audited Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries (hereinafter referred to as TAP) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of TAP's major federal programs for the year ended June 30, 2017. TAP's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of TAP'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 TAP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, TAP 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, 2017.

Report on Internal Control over Compliance

Management of TAP 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 TAP'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 TAP'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.

Anderson & Reed, LLP

Roanoke, Virginia
December 18, 2017