

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

**Roanoke, Virginia**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2018 and 2017**

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

**Roanoke, Virginia**

**INDEX**

Officers and Board of Directors .....	4
Independent Auditor’s Report.....	7
Consolidated Statements of Financial Position.....	9
Consolidated Statements of Activities .....	10
Consolidated Statements of Functional Expenses .....	11
Consolidated Statements of Cash Flows.....	12
Notes to Consolidated Financial Statements.....	13
Schedule of Expenditures of Federal Awards.....	21
Schedule of Findings and Questioned Costs.....	24
Summary Schedule of Prior Audit Findings .....	25
Summary of Lease Agreements .....	26
Schedule of Grant Revenue and Expenditures – Head Start Program.....	28
Schedule of Grant Revenue and Expenditures – Early Head Start Program .....	29
Schedule of Grant Revenue and Expenditures – Head Start Partnership Program.....	30
Schedule of Grant Revenue and Expenditures – Virginia Department of Social Services .....	31

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

**Roanoke, Virginia**

**INDEX  
(Continued)**

Schedule of Grant Revenue and Expenditures – Housing Revitalization Programs .....	32
Schedule of Grant Revenue and Expenditures – Department of Housing and Community Development Programs .....	33
Schedule of Grant Revenue and Expenditures – Weatherization .....	34
Schedule of Grant Revenue and Expenditures – Department of Housing and Urban Development Program .....	35
Schedule of Grant Revenue and Expenditures – Roanoke City Revenue.....	36
Schedule of Grant Revenue and Expenditures – Education Revenue .....	37
Schedule of Grant Revenue and Expenditures – Other Funds.....	38
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	39
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	41

**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

Andrea Ames (Head Start Policy Council)  
Roanoke, Virginia

Craig Balzer (TVW Board of Commissioners)  
Roanoke, Virginia

Richard Byrd (Bath County)  
Hot Springs, Virginia

Monique Clemont (Homeless Advisory Council)  
Roanoke, Virginia

Robert Dan Collins (Craig County)  
New Castle, Virginia

Deneen Evans (Radford University School of Social Work)  
Roanoke, Virginia

Arne Glaeser (Lexington County)  
Lexington, Virginia

Kim Gregory (Head Start Advisory Committee)  
Roanoke, Virginia

Michael Hertz (Roanoke Bar Association)  
Roanoke, Virginia

Rita Joyce (Susan G. Komen Virginia Blue Ridge Affiliate)  
Roanoke, Virginia

Baraka Kasongo (Volatia Language Network)  
Roanoke, Virginia

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

**BOARD OF DIRECTORS  
(Continued)**

Kevin Lockhart (Carter Bank and Trust)  
Roanoke, Virginia

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

Melinda Payne (City of Salem)  
Salem, Virginia

Charles Price (Harrison Museum)  
Roanoke, Virginia

Keith Rickoff (Freedom First)  
Roanoke, Virginia

Tom Sibold (Covington)  
Covington, Virginia

Cleo Sims (SCLC)  
Roanoke, Virginia

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

David Trinkle (Roanoke City)  
Roanoke, Virginia

Clarice Walker (Loudon/Melrose Neighborhood)  
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 Consolidated 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, 2018 and 2017 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 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 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, 2018 and 2017, 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

### *Other Information*

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 audit 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 17, 2018, 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.

*A. J. ... & ... LLP*

Roanoke, Virginia  
December 17, 2018



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

**Consolidated Statements of Financial Position  
June 30, 2018 and 2017**

	<u><b>ASSETS</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>
Current Assets:			
Cash and cash equivalents		\$ 134,833	\$ 153,468
Grants receivable		1,354,280	1,361,309
Other receivables		545,274	646,512
Other assets		<u>17,727</u>	<u>32,990</u>
<b>Total current assets</b>		2,052,114	2,194,279
Property and Equipment – Net		5,036,359	4,998,611
Note Receivable – Related Party		<u>968,000</u>	<u>968,000</u>
<b>Total assets</b>		<u><b>\$ 8,056,473</b></u>	<u><b>\$ 8,160,890</b></u>
<b><u>LIABILITIES and NET ASSETS</u></b>			
Current Liabilities:			
Accounts payable and accrued expenses		\$ 1,150,919	\$ 1,106,789
Lines of credit		350,852	633,730
Current portion of notes payable		149,968	69,879
Annual leave		25,339	40,579
Deferred revenue		<u>678,609</u>	<u>563,609</u>
<b>Total current liabilities</b>		2,355,687	2,414,586
Long–Term Portion of Notes Payable		<u>710,487</u>	<u>872,053</u>
<b>Total liabilities</b>		3,066,174	3,286,639
Net Assets – Unrestricted		<u>4,990,299</u>	<u>4,874,251</u>
<b>Total liabilities and net assets</b>		<u><b>\$ 8,056,473</b></u>	<u><b>\$ 8,160,890</b></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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE:</b>		
Grants	\$ 19,252,080	\$ 18,688,551
USDA	681,496	671,381
Program income	174,587	137,096
Rental income	58,055	89,320
Other earned income	609,029	888,936
Local cash	254,040	274,091
Contributions	163,008	245,499
Interest	6,439	5,776
In kind	<u>1,398,737</u>	<u>994,760</u>
<b>Total support and revenue</b>	<u>22,597,471</u>	<u>21,995,410</u>
<b>EXPENSES:</b>		
Program services	<u>20,022,712</u>	<u>19,340,656</u>
Supporting services:		
Management and general	1,923,451	1,880,069
Fund raising	<u>535,260</u>	<u>555,093</u>
Total supporting services	<u>2,458,711</u>	<u>2,435,162</u>
<b>Total expenses</b>	<u>22,481,423</u>	<u>21,775,818</u>
<b>Change in Net Assets</b>	116,048	219,592
<b>UNRESTRICTED NET ASSETS</b>		
Beginning	<u>4,874,251</u>	<u>4,654,659</u>
Ending	<u>\$ 4,990,299</u>	<u>\$ 4,874,251</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, 2018 and 2017**

<b><u>2018</u></b>	<b><u>Program Services</u></b>	<b><u>Management and General</u></b>	<b><u>Fund Raising</u></b>	<b><u>Total Expenses</u></b>
Salaries and Wages	\$ 7,708,723	\$ 644,062	\$ 302,591	\$ 8,655,376
Payroll Taxes and Fringe Benefits	2,257,280	192,716	99,133	2,549,129
Contractual	4,801,316	415,130	66,266	5,282,712
Travel	767,725	27,782	7,624	803,131
Space	492,391	66,277	13,862	572,530
Supplies	1,311,084	64,285	9,898	1,385,267
Emergency Assistance	129,450	200	-	129,650
Other	950,684	120,908	35,684	1,107,276
Depreciation and Amortization	187,861	131,312	-	319,173
In Kind	1,398,737	-	-	1,398,737
Operating Expense Rental Property	-	205,404	-	205,404
Interest	<u>17,461</u>	<u>55,375</u>	<u>202</u>	<u>73,038</u>
<b>Total</b>	<b><u>\$ 20,022,712</u></b>	<b><u>\$ 1,923,451</u></b>	<b><u>\$ 535,260</u></b>	<b><u>\$ 22,481,423</u></b>
<b><u>2017</u></b>	<b><u>Program Services</u></b>	<b><u>Management and General</u></b>	<b><u>Fund Raising</u></b>	<b><u>Total Expenses</u></b>
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>
<b>Total</b>	<b><u>\$ 19,340,656</u></b>	<b><u>\$ 1,880,069</u></b>	<b><u>\$ 555,093</u></b>	<b><u>\$ 21,775,818</u></b>

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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 116,048	\$ 219,592
Adjustments to reconcile change in net assets to net cash provided by in operating activities:		
Depreciation and amortization	319,173	302,974
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	7,029	(518,904)
(Increase) decrease in other receivables	101,238	(77,699)
(Increase) decrease in other assets	15,263	(1,337)
Increase in accounts payable and accrued expenses	44,130	590,392
Decrease in annual leave	(15,240)	(9,523)
Increase (decrease) in deferred revenue	<u>115,000</u>	<u>(134,447)</u>
<b>Net cash provided by operating activities</b>	<u>702,641</u>	<u>371,048</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(356,921)</u>	<u>(98,537)</u>
<b>FINANCING ACTIVITIES</b>		
Principal payments on long-term notes payable	(81,477)	(126,649)
Net payments on lines of credit	<u>(282,878)</u>	<u>(132,349)</u>
<b>Net cash used in financing activities</b>	<u>(364,355)</u>	<u>(258,998)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(18,635)	13,513
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	<u>153,468</u>	<u>139,955</u>
Ending	<u>\$ 134,833</u>	<u>\$ 153,468</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments for interest	<u>\$ 73,038</u>	<u>\$ 83,280</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, 2018 and 2017**

**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.

**Note 2. Consolidation Policy**

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.

TAP is a general partner and a .01% owner in the limited partnerships of Terrace North, LP and Terrace South, LP. These limited partnerships were formed to maintain and operate two affordable apartment developments, of which all of the dwelling units are being set aside for rental to persons of low income.

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. 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 not required.

**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, 2018 and 2017**

**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, 2018 and 2017**

**Note 3. Summary of Significant Accounting Policies (Continued)**

Revenues: (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, 2018 and 2017 was \$25,339 and \$40,579, 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, 2018 and 2017**

**Note 3. Summary of Significant Accounting Policies (Continued)**

Cost Allocation: (Continued)

Joint costs are allocated to benefiting programs using an indirect cost rate not to exceed 12.10% 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, 2018 and 2017**

**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.

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:

	<u>2018</u>	<u>2017</u>
Land	\$ 1,061,955	\$ 1,061,955
Building and improvements	7,281,209	7,281,209
Fixtures and equipment	1,283,357	1,013,270
Vehicles	<u>1,127,364</u>	<u>1,101,817</u>
Total property and equipment	10,753,885	10,458,251
Less accumulated depreciation	<u>5,717,526</u>	<u>5,459,640</u>
Net property and equipment	<u>\$ 5,036,359</u>	<u>\$ 4,998,611</u>

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

**Notes to Consolidated Financial Statements  
June 30, 2018 and 2017**

**Note 5. Notes Payable**

Notes payable at June 30, 2018 and 2017 consist of the following:

<u>Payable To</u>	<u>Due</u>	<u>Interest Rate</u>	<u>2018</u>	<u>2017</u>	<u>Security</u>
BB&T	Monthly installments of \$1,481, including interest, with balloon payment due May, 2019	Prime rate plus 1.25%	\$ 78,705	\$ 90,315	Real estate
Union First Market Bank	Monthly installments of \$2,525, including interest	3.25%	334,235	353,038	Real estate
BB&T	Monthly principle installments of \$3,299, plus interest with balloon payment due May, 2023	2.95%	326,675	366,260	Real estate
SunTrust Bank	Monthly installments of \$1,414, including interest, with balloon payment due May, 2020	4.95%	<u>120,840</u>	<u>132,319</u>	Real estate
Total			<u>860,455</u>	<u>941,932</u>	
Less portion due currently			<u>149,968</u>	<u>69,879</u>	
Noncurrent portion			<u>\$ 710,487</u>	<u>\$ 872,053</u>	

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

2019	\$ 149,968
2020	174,235
2021	65,871
2022	67,868
2023	175,379
2024 and thereafter	227,134

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

**Notes to Consolidated Financial Statements  
June 30, 2018 and 2017**

**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 \$350,852 and \$488,530 at June 30, 2018 and 2017, respectively.

TAP also had a construction line of credit of \$160,000 with First Citizens Bank. Interest is payable at 4% and the balance at June 30, 2018 and 2017 was \$-0- and \$145,200, 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:

	<b>2018</b>	<b>2017</b>
Alleghany County	\$ 5,775	\$ 5,775
Bath County	2,000	2,000
Botetourt County	1,000	1,000
City of Lexington	2,000	2,000
Roanoke City	160,000	179,051
Roanoke County	34,600	35,600
Rockbridge County	13,600	13,600
Salem	35,065	35,065
	<b>\$ 254,040</b>	<b>\$ 274,091</b>

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

**Notes to Consolidated Financial Statements  
June 30, 2018 and 2017**

**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, 2018 and 2017, TAP contributed \$328,884 and \$332,348, 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. See Note 2 regarding consolidation policy.

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>2018</u>		<u>2017</u>	
	<u>Terrace North, LP</u>	<u>Terrace South, LP</u>	<u>Terrace North, LP</u>	<u>Terrace South, LP</u>
Maintenance Fee	\$ 60,268	\$ 92,221	\$ 96,698	\$ 131,495
Management Fee	20,921	32,491	23,739	34,487
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 17, 2018, 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, 2018**

	<b><u>Federal CFDA Number</u></b>	<b><u>Expenditures</u></b>
Department of Health and Human Services:		
Direct program:		
Head Start	93.600	\$ <u>13,412,393</u>
Pass-through programs from:		
Virginia Department of Housing and Community Development – LIHEAP	93.568	696,169
Virginia Department of Criminal Justice Services – Victims of Crime	16.575	<u>148,065</u>
Subtotal Department of Health and Human Services – pass-through programs		<u>844,234</u>
Total Department of Health and Human Services		<u>14,256,627</u>
Department of Labor:		
Direct programs:		
Training to Work 3 – Adult Re-entry	17.270	622,698
Face Forward 3 – Intermediary and Community	17.270	291,487
Strengthening Working Family Initiative	17.268	748,842
Veterans	17.805	21,899
YouthBuild	17.274	<u>335,970</u>
Total Department of Labor		<u>2,020,896</u>
Department of Housing and Urban Development:		
Direct programs:		
Permanent Supplemental Housing	14.267	57,273
Housing Counseling	14.169	<u>17,020</u>
Total Department of Housing and Urban Development		<u>74,293</u>
Department of Veterans Affairs:		
Direct program:		
Supportive Services for Veteran Families	64.033	<u>342,698</u>

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

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018**

	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Department of Agriculture:		
Direct program:		
Child and Adult Care Fund Program	10.558	\$ <u>681,496</u>
Department of Social Services:		
Pass-through programs from:		
Virginia Department of Social Services:		
CSBG	93.569	683,224
CSBG TANF	93.558	<u>255,000</u>
Total Department of Social Services		<u>938,224</u>
Department of Energy:		
Pass-through programs from:		
Virginia Department of Housing and Community Development:		
Weatherization Assistance for Low-Income Persons	81.042	<u>184,568</u>
Department of Justice:		
Direct program:		
Young Father	16.831	<u>48,969</u>
Pass-through programs from:		
Virginia Department of Criminal Justice:		
BYRNE	16.579	<u>114,176</u>
Total Department of Justice		<u>163,145</u>
Department of the Treasury:		
Direct program:		
VITA	21.009	<u>19,335</u>
Total Expenditures of Federal Awards		<u>\$ 18,681,282</u>

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

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018**

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, 2018. 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, 2018**

**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 program tested as a major federal program was:

93.600     Department of Health and Human Services – Head Start
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, 2018**

There were **no audit findings** for the year ended June 30, 2017.

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

**Summary of Lease Agreements  
For the Year Ended June 30, 2018**

<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	2/1/18 – 1/31/19	106,125	Head Start
Roanoke Redevelopment and Housing	Lincoln Terrace Admin. Building 1801 Dunbar St., N.W. Roanoke, Virginia	8/1/18 – 7/31/19	10,752	Head Start
Roanoke Redevelopment and Housing	Lansdowne Park Admin. Building 2624 Salem Turnpike, N.W. Roanoke, Virginia	8/1/18 – 7/31/19	5,484	Head Start
Roanoke Redevelopment and Housing	Indian Rock Village Child Development Center 1916 Wise Avenue, S.E. Roanoke, Virginia	8/1/18 – 7/31/19	15,612	Head Start

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

**Summary of Lease Agreements  
For the Year Ended June 30, 2018**

<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	1/1/18 – 12/31/18	\$ 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	130,770	TVW
Roanoke Higher Education Authority	108 N. Jefferson Street Roanoke, Virginia	7/1/18 – 6/30/21	111,452	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 2019, 2020 and 2021 are \$145,512, \$112,594 and \$56,297, 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, 2018**

	<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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
	<u>Ten Months</u>	<u>Two Months</u>	<u>Ten Months</u>	<u>Two Months</u>	
<b>REVENUE</b>					
Grants	\$ 5,744,617	\$ 979,069	\$ 49,125	\$ 5,227	\$ 6,778,038
USDA	429,870	73,792	-	-	503,662
Contributions	5,700	-	-	-	5,700
Other	-	-	705	-	705
In kind	1,609,908	519,068	-	-	2,128,976
<b>Total revenue</b>	<u>7,790,095</u>	<u>1,571,929</u>	<u>49,830</u>	<u>5,227</u>	<u>9,417,081</u>
<b>EXPENDITURES</b>					
Salaries and wages	2,576,539	463,318	-	-	3,039,857
Fringe benefits	818,281	149,294	-	-	967,575
Contractual	683,909	64,010	-	-	747,919
Travel	65,164	7,372	1,861	2,620	77,017
Space	205,825	42,391	3,665	-	251,881
Supplies	387,013	77,707	8,380	176	473,276
Equipment	233,749	424	-	-	234,173
Other	1,209,707	221,495	35,924	2,431	1,469,557
In kind	1,609,908	519,068	-	-	2,128,976
<b>Total expenditures</b>	<u>7,790,095</u>	<u>1,545,079</u>	<u>49,830</u>	<u>5,227</u>	<u>9,390,231</u>
<b>Revenue Over Expenditures</b>	-	26,850	-	-	26,850
<b>FUND BALANCE</b>					
Beginning	-	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ 26,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,850</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, 2018**

	<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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
	<u>Ten Months</u>	<u>Two Months</u>	<u>Ten Months</u>	<u>Two Months</u>	
<b>REVENUE</b>					
Grants	\$ 2,132,752	\$ 420,795	\$ 48,485	\$ 3,997	\$ 2,606,029
USDA	148,486	29,348	-	-	177,834
Contributions	2,500	-	-	-	2,500
In kind	508,090	134,563	-	-	642,653
<b>Total revenue</b>	<u>2,791,828</u>	<u>584,706</u>	<u>48,485</u>	<u>3,997</u>	<u>3,429,016</u>
<b>EXPENDITURES</b>					
Salaries and wages	1,232,060	244,827	-	-	1,476,887
Fringe benefits	382,013	80,443	-	-	462,456
Contractual	90,258	8,281	-	-	98,539
Travel	14,761	2,183	3,573	-	20,517
Space	59,703	12,251	1,692	-	73,646
Supplies	118,169	17,110	1,853	156	137,288
Equipment	5,184	96	14,280	-	19,560
Other	381,590	69,448	27,087	3,841	481,966
In kind	508,090	134,563	-	-	642,653
<b>Total expenditures</b>	<u>2,791,828</u>	<u>569,202</u>	<u>48,485</u>	<u>3,997</u>	<u>3,413,512</u>
<b>Revenue Over Expenditures</b>	-	15,504	-	-	15,504
<b>FUND BALANCE</b>					
Beginning	-	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ 15,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,504</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, 2018**

	<b>Partnership</b>	<b>Training &amp; Technical Assistance</b>	<b>Supplemental Funds</b>	<b>Total</b>
<b>REVENUE</b>				
Grants	\$ 3,942,403	\$ 85,336	\$ 588	\$ 4,028,327
In kind	459,195	-	-	459,195
<b>Total revenue</b>	4,401,598	85,336	588	4,487,522
<b>EXPENDITURES</b>				
Salaries and wages	309,863	-	-	309,863
Fringe benefits	102,993	-	-	102,993
Contractual	2,516,737	-	-	2,516,737
Travel	25,445	20,647	-	46,092
Space	25,587	2,014	-	27,601
Supplies	185,309	537	-	185,846
Equipment	196,467	-	-	196,467
Other	578,803	52,894	588	632,285
In kind	459,195	-	-	459,195
<b>Total expenditures</b>	4,400,399	76,092	588	4,477,079
<b>Revenue Over Expenditures</b>	1,199	9,244	-	10,443
<b>FUND BALANCE</b>				
Beginning	1,086	-	-	1,086
Ending	\$ 2,285	\$ 9,244	\$ -	\$ 11,529

**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, 2018**

	<u>Community Service Block Grant</u>			<u>Total</u>
	<u>Federal</u>	<u>State and TANF</u>	<u>Domestic Violence</u>	
<b>REVENUE</b>				
Grants	\$ 683,224	\$ 255,000	\$ 148,065	\$ 1,086,289
Indirect revenue	219,595	-	-	219,595
Contributions	5,941	-	-	5,941
Other revenue	434	-	-	434
In kind	-	-	13,426	13,426
<b>Total revenue</b>	<u>909,194</u>	<u>255,000</u>	<u>161,491</u>	<u>1,325,685</u>
<b>EXPENDITURES</b>				
Salaries and wages	543,304	87,760	58,960	690,024
Fringe benefits	140,203	35,701	11,293	187,197
Contractual	50,475	12,005	10,050	72,530
Travel	39,285	5,026	18,990	63,301
Space	29,755	4,264	-	34,019
Supplies	8,683	2,212	7,000	17,895
Equipment	630	3,455	-	4,085
Emergency Assistance	-	12,464	-	12,464
Other	96,859	92,113	41,772	230,744
In kind	-	-	13,426	13,426
<b>Total expenditures</b>	<u>909,194</u>	<u>255,000</u>	<u>161,491</u>	<u>1,325,685</u>
<b>Revenue Over Expenditures</b>	-	-	-	-
<b>FUND BALANCE</b>				
Beginning	-	(440)	(10,826)	(11,266)
Ending	<u>\$ -</u>	<u>\$ (440)</u>	<u>\$ (10,826)</u>	<u>\$ (11,266)</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, 2018**

	<b>Roanoke City Homeless Solutions</b>
<b>REVENUE</b>	
Local cash	\$ <u>39,000</u>
<b>EXPENDITURES</b>	
Salaries and wages	7,200
Fringe benefits	1,838
Contractual	11,053
Travel	1,105
Supplies	565
Equipment	1,186
Other	<u>3,221</u>
<b>Total expenditures</b>	<u>26,168</u>
<b>Revenue Over Expenditures</b>	12,832
<b>FUND BALANCE</b>	
Beginning	<u>15,864</u>
Ending	\$ <u><u>28,696</u></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, 2018**

	<u>Weatherization</u>	<u>Emergency Home Repair</u>	<u>Indoor Plumbing</u>	<u>Total</u>
<b>REVENUE</b>				
Grants	\$ 907,012	\$ 113,982	\$ 292,147	\$ 1,313,141
Program income	-	-	15,415	15,415
Other	6,273	-	-	6,273
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total revenue</b>	913,285	113,982	307,562	1,334,829
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>				
Salaries and wages	364,316	9,905	46,091	420,312
Fringe benefits	102,290	4,301	16,546	123,137
Contractual	59,625	106,285	259,865	425,775
Travel	49,579	-	94	49,673
Space	33,565	-	-	33,565
Supplies	105,486	-	1,093	106,579
Equipment	13,424	-	-	13,424
Other	156,238	236	14,846	171,320
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	884,523	120,727	338,535	1,343,785
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Revenue Over (Under) Expenditures</b>	28,762	(6,745)	(30,973)	(8,956)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE</b>				
Beginning	(39,774)	437	(13,487)	(52,824)
	<hr/>	<hr/>	<hr/>	<hr/>
Ending	\$ (11,012)	\$ (6,308)	\$ (44,460)	\$ (61,780)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**Weatherization  
Schedule of Grant Revenue and Expenditures  
For the Year Ended June 30, 2018**

	<u>Department of Energy</u>	<u>Low Income Home Energy Assistance</u>	<u>Total</u>
<b>REVENUE</b>			
Grants	\$ 184,568	\$ 722,444	\$ 907,012
Other revenue	4,162	2,111	6,273
	<u>188,730</u>	<u>724,555</u>	<u>913,285</u>
<b>EXPENDITURES</b>			
Liability insurance	905	5,313	6,218
Materials	29,345	97,595	126,940
Program support	127,377	484,025	611,402
Health and safety	18,890	51,570	70,460
Administration	11,837	50,335	62,172
TTA	-	7,331	7,331
	<u>188,354</u>	<u>696,169</u>	<u>884,523</u>
<b>Revenue Over Expenditures</b>	376	28,386	28,762
<b>FUND BALANCE</b>			
Beginning	<u>(87,171)</u>	<u>47,397</u>	<u>(39,774)</u>
Ending	<u>\$ (86,795)</u>	<u>\$ 75,783</u>	<u>\$ (11,012)</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, 2018**

	<u>Supportive Housing Program</u>	<u>HUD Counseling</u>	<u>Total</u>
<b>REVENUE</b>			
Grants	\$ 49,070	\$ 17,000	\$ 66,070
Program	959	-	959
Other revenue	7,436	-	7,436
Local cash	14,065	-	14,065
Contributions	20,400	-	20,400
	<u>91,930</u>	<u>17,000</u>	<u>108,930</u>
<b>EXPENDITURES</b>			
Salaries and wages	22,152	9,862	32,014
Fringe benefits	7,182	3,229	10,411
Contractual	18,015	-	18,015
Travel	2,002	491	2,493
Space	901	1,009	1,910
Supplies	410	500	910
Emergency assistance	16,958	-	16,958
Other	16,697	1,929	18,626
	<u>84,317</u>	<u>17,020</u>	<u>101,337</u>
<b>Revenue Over (Under) Expenditures</b>	7,613	(20)	7,593
<b>FUND BALANCE</b>			
Beginning	<u>(39,196)</u>	<u>(19,167)</u>	<u>(58,363)</u>
Ending	<u>\$ (31,583)</u>	<u>\$ (19,187)</u>	<u>\$ (50,770)</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, 2018**

	<b>Total</b>
<b>REVENUE</b>	
Grants	\$ 8,206
Programs	24,832
Local cash	114,000
Contributions	245
<b>Total revenue</b>	147,283
<b>EXPENDITURES</b>	
Salaries and wages	20,535
Fringe benefits	8,261
Contractual	49,236
Travel	10,904
Space	23,674
Supplies	11,588
Other	18,291
<b>Total expenditures</b>	142,489
<b>Revenue Over Expenditures</b>	4,794
<b>FUND BALANCE</b>	
Beginning	45,344
Ending	\$ 50,138

**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, 2018**

	<u><b>Project Discovery of Virginia</b></u>
<b>REVENUE</b>	
Grants	\$ 47,370
In kind	<u>77,171</u>
<b>Total revenue</b>	<u>124,541</u>
<b>EXPENDITURES</b>	
Salaries and wages	30,773
Fringe benefits	5,854
Contractual	15
Space	3,644
Supplies	682
Other	6,403
In kind	<u>77,171</u>
<b>Total expenditures</b>	<u>124,542</u>
<b>Revenue Under Expenditures</b>	(1)
<b>FUND BALANCE</b>	
Beginning	<u>(18,915)</u>
Ending	<u><u>\$ (18,916)</u></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, 2018**

	<b>Virginia Cares</b>	<b>United Way Roanoke Valley</b>
<b>REVENUE</b>		
Grants	\$ 114,176	\$ 100,022
Contributions	-	4,000
Interest	-	436
	<b>114,176</b>	<b>104,458</b>
<b>EXPENDITURES</b>		
Salaries and wages	65,901	30,853
Fringe benefits	16,338	8,451
Contractual	-	129
Travel	9,565	10,090
Space	6,333	4,786
Supplies	1,302	5,113
Equipment	-	2,354
Other	14,737	17,462
	<b>114,176</b>	<b>79,238</b>
<b>Revenue Over Expenditures</b>	<b>-</b>	<b>25,220</b>
<b>FUND BALANCE</b>		
Beginning	(16,733)	165,867
Ending	\$ (16,733)	\$ 191,087



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF CONSOLIDATED 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, 2018, and the related consolidated statements of activities, 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 17, 2018.

**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 (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 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.

*Adler & Kohn, LLP*

Roanoke, Virginia  
December 17, 2018





**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, 2018. 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, 2018.**

## 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.

*A. J. + K. M., LLP*

Roanoke, Virginia  
December 17, 2018