

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

Roanoke, Virginia

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

**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**

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Roanoke, Virginia
Chairman

Annette Lewis
Roanoke, Virginia
President

Sandra Pratt
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First Vice Chair

Craig Balzer
Roanoke, Virginia
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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

David Allen (Pinnacle Financial Partners)
Roanoke, Virginia

Andrea Ames (Head Start Policy Council)
Salem, Virginia

Ron D. Boyd (Local Office on Aging, Inc.)
Roanoke, Virginia

Lee Clark (Rescue Mission)
Roanoke, Virginia

Monique Clemont (Homeless Advisory Council)
Roanoke, Virginia

Joe Cobb (Roanoke City)
Roanoke, Virginia

Robert Dan Collins (Craig County)
New Castle, Virginia

John S. D’Orazio (Salvation Army Roanoke Valley)
Roanoke, Virginia

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

Randy Foley (City of Salem)
Salem, Virginia

Arne Glaeser (Lexington County)
Lexington, Virginia

Kim Gregory (Head Start Advisory Committee)
Roanoke, Virginia

Ashton Harrison (Bath County)
Warm Springs, Virginia

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

**BOARD OF DIRECTORS
(Continued)**

Michael J. Hertz (Roanoke Bar Association)
Roanoke, Virginia

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

Baraka Kasongo (Family Services of the Roanoke Valley)
Roanoke, Virginia

Kevin Lockhart (Carter Bank and Trust)
Roanoke, Virginia

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

Charles Price (Harrison Museum)
Roanoke, Virginia

Thomas H. Sibold (Covington)
Covington, Virginia

Cleo Sims (Southern Christian Leadership Conference)
Roanoke, Virginia

Andrea Stogdale (Rockbridge County)
Lexington, Virginia

David Trinkle, M.D. (The Fork Restaurants and Valley Geropsychiatry)
Roanoke, Virginia

Clarice Walker (Loudon/Melrose Neighborhood)
Roanoke, Virginia

Lorena Wilson (Roanoke Branch NAACP)
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, 2019 and 2018 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, 2019 and 2018, 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 37 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 16, 2019, 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 16, 2019

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

**Consolidated Statements of Financial Position
June 30, 2019 and 2018**

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and cash equivalents	\$ 28,415	\$ 134,833
Grants receivable	1,447,320	1,354,280
Other receivables	597,515	545,274
Other assets	<u>28,529</u>	<u>17,727</u>
Total current assets	2,101,779	2,052,114
Property and Equipment – Net	4,716,850	5,036,359
Note Receivable – Related Party	<u>968,000</u>	<u>968,000</u>
Total assets	<u>\$ 7,786,629</u>	<u>\$ 8,056,473</u>
<u>LIABILITIES and NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 1,080,293	\$ 1,150,919
Lines of credit	449,621	350,852
Current portion of notes payable	177,948	149,968
Annual leave	23,450	25,339
Deferred revenue	<u>648,609</u>	<u>678,609</u>
Total current liabilities	2,379,921	2,355,687
Long–Term Portion of Notes Payable	<u>603,927</u>	<u>710,487</u>
Total liabilities	2,983,848	3,066,174
Net Assets Without Donor Restrictions	<u>4,802,781</u>	<u>4,990,299</u>
Total liabilities and net assets	<u>\$ 7,786,629</u>	<u>\$ 8,056,473</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, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE:		
Grants	\$ 18,431,716	\$ 19,252,080
USDA	638,350	681,496
Program income	117,200	174,587
Rental income	57,696	58,055
Other earned income	311,700	609,029
Local cash	222,305	254,040
Contributions	222,218	163,008
Interest	10,375	6,439
In kind	<u>3,233,052</u>	<u>1,398,737</u>
Total support and revenue	<u>23,244,612</u>	<u>22,597,471</u>
EXPENSES:		
Program services	<u>21,071,483</u>	<u>20,022,712</u>
Supporting services:		
Management and general	1,802,008	1,923,451
Fund raising	<u>558,639</u>	<u>535,260</u>
Total supporting services	<u>2,360,647</u>	<u>2,458,711</u>
Total expenses	<u>23,432,130</u>	<u>22,481,423</u>
Change in Net Assets	(187,518)	116,048
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning	<u>4,990,299</u>	<u>4,874,251</u>
Ending	<u>\$ 4,802,781</u>	<u>\$ 4,990,299</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, 2019 and 2018**

<u>2019</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 7,849,639	\$ 615,792	\$ 264,171	\$ 8,729,602
Payroll Taxes and Fringe Benefits	2,477,942	196,308	97,992	2,772,242
Contractual	3,956,202	387,120	69,281	4,412,603
Travel	618,616	15,489	11,305	645,410
Space	538,549	74,627	14,092	627,268
Supplies	1,213,231	34,701	16,943	1,264,875
Emergency Assistance	181,331	-	-	181,331
Other	746,051	78,344	84,711	909,106
Depreciation	237,071	131,312	-	368,383
In Kind	3,233,052	-	-	3,233,052
Operating Expense Rental Property	-	197,186	-	197,186
Interest	<u>19,799</u>	<u>71,129</u>	<u>144</u>	<u>91,072</u>
Total	<u>\$ 21,071,483</u>	<u>\$ 1,802,008</u>	<u>\$ 558,639</u>	<u>\$ 23,432,130</u>
<u>2018</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
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	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>
Total	<u>\$ 20,022,712</u>	<u>\$ 1,923,451</u>	<u>\$ 535,260</u>	<u>\$ 22,481,423</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, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (187,518)	\$ 116,048
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	368,383	319,173
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	(93,040)	7,029
(Increase) decrease in other receivables	(52,241)	101,238
(Increase) decrease in other assets	(10,802)	15,263
Increase (decrease) in accounts payable and accrued expenses	(70,626)	44,130
Decrease in annual leave	(1,889)	(15,240)
Increase (decrease) in deferred revenue	<u>(30,000)</u>	<u>115,000</u>
Net cash provided by (used in) operating activities	<u>(77,733)</u>	<u>702,641</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(48,874)</u>	<u>(356,921)</u>
FINANCING ACTIVITIES		
Principal payments on long-term notes payable	(78,580)	(81,477)
Net proceeds (payments) on lines of credit	<u>98,769</u>	<u>(282,878)</u>
Net cash provided by (used in) financing activities	<u>20,189</u>	<u>(364,355)</u>
Net Decrease in Cash and Cash Equivalents	(106,418)	(18,635)
CASH AND CASH EQUIVALENTS		
Beginning	<u>134,833</u>	<u>153,468</u>
Ending	<u>\$ 28,415</u>	<u>\$ 134,833</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 91,072</u>	<u>\$ 73,038</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, 2019 and 2018**

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:

During the year ended June 30, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return for not-for-profit entities. A key change required by ASU 2016-14 is the net asset

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

**Notes to Consolidated Financial Statements
June 30, 2019 and 2018**

Note 3. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation: (Continued)

classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added.

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

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.

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

**Notes to Consolidated Financial Statements
June 30, 2019 and 2018**

Note 3. Summary of Significant Accounting Policies (Continued)

Revenues: (Continued)

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.

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, 2019 and 2018 was \$23,450 and \$25,339, 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, 2019 and 2018**

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 13% 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, 2019 and 2018**

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.

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.

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.

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 consist of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,061,955	\$ 1,061,955
Building and improvements	7,281,209	7,281,209
Fixtures and equipment	1,310,517	1,283,357
Vehicles	<u>1,132,269</u>	<u>1,127,364</u>
Total property and equipment	10,785,950	10,753,885
Less accumulated depreciation	<u>6,069,100</u>	<u>5,717,526</u>
Net property and equipment	<u>\$ 4,716,850</u>	<u>\$ 5,036,359</u>

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

**Notes to Consolidated Financial Statements
June 30, 2019 and 2018**

Note 5. Notes Payable

Notes payable at June 30, 2019 and 2018 consist of the following:

<u>Payable To</u>	<u>Due</u>	<u>Interest Rate</u>	<u>2019</u>	<u>2018</u>	<u>Security</u>
BB&T	Monthly installments of \$1,639, including interest, with balloon payment due November, 2020	Prime rate plus 1.25%	\$ 66,255	\$ 78,705	Real estate
Atlanta Union Bank	Monthly installments of \$2,525, including interest	5.25%	317,890	334,235	Real estate
BB&T	Monthly principle installments of \$3,299, plus interest with balloon payment due May, 2023	2.95%	287,089	326,675	Real estate
SunTrust Bank	Monthly installments of \$1,414, including interest, with balloon payment due May, 2020	4.95%	<u>110,641</u>	<u>120,840</u>	Real estate
Total			<u>781,875</u>	<u>860,455</u>	
Less portion due currently			<u>177,948</u>	<u>149,968</u>	
Noncurrent portion			<u>\$ 603,927</u>	<u>\$ 710,487</u>	

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

2020	\$ 177,948
2021	105,505
2022	55,004
2023	55,833
2024	56,706
2025 and thereafter	330,879

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 \$405,721 and \$350,852 at June 30, 2019 and 2018, respectively.

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

**Notes to Consolidated Financial Statements
June 30, 2019 and 2018**

Note 6. Lines of Credit (Continued)

TAP also had a construction line of credit of \$320,000 with First Citizens Bank. Interest is payable at the bank's prime rate and the balance at June 30, 2019 and 2018 was \$43,900 and \$-0-, 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:

	2019	2018
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
Craig County	365	-
Roanoke City	162,500	160,000
Roanoke County	-	34,600
Rockbridge County	13,600	13,600
Salem	35,065	35,065
	\$ 222,305	\$ 254,040

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, 2019 and 2018, TAP contributed \$316,167 and \$328,884, respectively, to the plan which is included in fringe benefits in the financial statements.

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

**Notes to Consolidated Financial Statements
June 30, 2019 and 2018**

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>2019</u>		<u>2018</u>	
	<u>Terrace North, LP</u>	<u>Terrace South, LP</u>	<u>Terrace North, LP</u>	<u>Terrace South, LP</u>
Maintenance Fee	\$ 45,234	\$ 67,844	\$ 60,268	\$ 92,221
Management Fee	14,243	21,531	20,921	32,491
Bookkeeping Fee	1,365	1,908	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. Liquidity

The Organization manages its financial assets to ensure resources are available to meet obligations over the next twelve months. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	\$ 28,415
Grants receivable	<u>1,447,320</u>
Financial assets available for general expenditures	<u>\$ 1,475,735</u>

Note 12. Subsequent Events

Management has evaluated subsequent events through December 16, 2019, 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, 2019**

	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Department of Health and Human Services:		
Direct program:		
Head Start	93.600	\$ <u>11,915,412</u>
Pass-through programs from:		
Virginia Department of Housing and Community Development – LIHEAP	93.568	778,848
Virginia Department of Criminal Justice Services – Victims of Crime	16.575	144,319
Virginia Department of Social Services:		
CSBG	93.569	622,255
CSBG TANF	93.558	<u>375,000</u>
Subtotal Department of Health and Human Services – pass-through programs		<u>1,920,422</u>
Total Department of Health and Human Services		<u>13,835,834</u>
Department of Labor:		
Direct programs:		
Training to Work 3 – Adult Re-entry	17.270	29,598
Face Forward 3 – Intermediary and Community	17.270	72,002
Strengthening Working Family Initiative	17.268	1,230,818
Homeless Veterans’ Reintegration Program	17.805	176,342
YouthBuild	17.274	439,273
Reintegration of Ex-Offenders	17.270	<u>268,652</u>
Total Department of Labor		<u>2,216,685</u>
Department of Veterans Affairs:		
Direct program:		
Supportive Services for Veteran Families	64.033	<u>375,169</u>

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

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Department of Agriculture:		
Direct program:		
Child and Adult Care Fund Program	10.558	\$ <u>638,350</u>
Department of Energy:		
Pass-through programs from:		
Virginia Department of Housing and Community Development:		
Weatherization Assistance for Low-Income Persons	81.042	<u>215,962</u>
Department of Justice:		
Direct program:		
Young Father	16.831	<u>96,968</u>
Pass-through programs from:		
Virginia Department of Criminal Justice:		
BYRNE	16.579	<u>114,507</u>
Total Department of Justice		<u>211,475</u>
Department of the Treasury:		
Direct program:		
VITA	21.009	<u>21,655</u>
Total Expenditures of Federal Awards		<u>\$ 17,515,130</u>

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

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

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, 2019. 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, 2019**

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 a major federal program were:

93.600	Department of Health and Human Services – Head Start
93.568	Department of Health and Human Services – LIHEAP
17.268	Department of Labor – Strengthening Working Family Initiative
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, 2019**

There were **no audit findings** for the year ended June 30, 2018.

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

**Summary of Lease Agreements
For the Year Ended June 30, 2019**

<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	7/1/19 – 6/30/21	Contribution	Head Start
Caru Realty	Caru Community Center 3417 Bennett Drive, N.W. Roanoke, Virginia	Month to Month	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	2/1/19 – 1/31/20	106,125	Head Start
Roanoke Redevelopment and Housing	Lincoln Terrace Admin. Building 1801 Dunbar St., N.W. Roanoke, Virginia	8/1/18 – 10/31/19	8,960	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, 2019**

<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	1/1/19 – 12/31/19	\$ 14,400	Head Start
Belmont Christian Church	1101 Jamison Avenue Roanoke, Virginia	1/1/19 – 12/31/20	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	7/1/18 – 6/30/20	130,716	TVW
Roanoke Higher Education Authority	108 N. Jefferson Street Roanoke, Virginia	7/1/18 – 6/30/21	112,594	Head Start
Roanoke City Public Schools	2102 Grandin Road Roanoke, Virginia	Month to Month	Contribution	Head Start
Summerdean Farms, Inc.	2164 E. Midland Trail Buena Vista, Virginia	1/1/19 – 1/31/21	66,000	Head Start

Lease commitments for the fiscal years ending in 2020 and 2021 are \$177,952 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, 2019**

	Head Start Full Year Part Day		Training and Technical Assistance		Total
	April 30,		April 30,		
	2019	2020	2019	2020	
	Ten Months	Two Months	Ten Months	Two Months	
REVENUE					
Grants	\$ 5,792,966	\$ 951,077	\$ 75,209	\$ 9,941	\$ 6,829,193
USDA	402,642	73,960	-	-	476,602
Contributions	600	-	-	-	600
In kind	2,917,057	471,875	-	-	3,388,932
Total revenue	9,113,265	1,496,912	75,209	9,941	10,695,327
EXPENDITURES					
Salaries and wages	2,705,766	458,454	-	-	3,164,220
Fringe benefits	902,149	157,382	-	-	1,059,531
Contractual	530,897	87,712	-	-	618,609
Travel	56,966	7,610	13,371	393	78,340
Space	224,563	43,765	3,334	-	271,662
Supplies	393,780	47,030	17,993	59	458,862
Equipment	104,316	4,489	-	-	108,805
Other	1,304,621	196,038	40,511	9,489	1,550,659
In-kind	2,917,057	471,875	-	-	3,388,932
Total expenditures	9,140,115	1,474,355	75,209	9,941	10,699,620
Revenue Over (Under) Expenditures	(26,850)	22,557	-	-	(4,293)
FUND BALANCE					
Beginning	26,850	-	-	-	26,850
Ending	\$ -	\$ 22,557	\$ -	\$ -	\$ 22,557

**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, 2019**

	Head Start Full Year Part Day		Training and Technical Assistance		Total
	April 30,		April 30,		
	2019	2020	2019	2020	
	Ten Months	Two Months	Ten Months	Two Months	
REVENUE					
Grants	\$ 2,295,710	\$ 422,364	\$ 60,658	\$ 8,745	\$ 2,787,477
USDA	130,906	30,841	—	—	161,747
Contributions	750	—	—	—	750
In kind	578,468	105,865	—	—	684,333
Total revenue	3,005,834	559,070	60,658	8,745	3,634,307
EXPENDITURES					
Salaries and wages	1,320,344	254,162	—	—	1,574,506
Fringe benefits	424,154	88,216	—	—	512,370
Contractual	92,135	18,014	—	—	110,149
Travel	16,017	3,086	6,331	6,756	32,190
Space	64,500	12,938	1,747	—	79,185
Supplies	132,000	20,358	11,082	—	163,440
Equipment	9,363	850	—	—	10,213
Other	384,357	63,670	41,498	1,989	491,514
In-kind	578,468	105,865	—	—	684,333
Total expenditures	3,021,338	567,159	60,658	8,745	3,657,900
Revenue Under Expenditures	(15,504)	(8,089)	—	—	(23,593)
FUND BALANCE					
Beginning	15,504	—	—	—	15,504
Ending	\$ —	\$ (8,089)	\$ —	\$ —	\$ (8,089)

**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, 2019**

	<u>Partnership</u>	<u>Training & Technical Assistance</u>	<u>Total</u>
REVENUE			
Grants	\$ 2,146,783	\$ 42,613	\$ 2,189,396
In-kind	<u>1,020,192</u>	<u>—</u>	<u>1,020,192</u>
Total revenue	<u>3,166,975</u>	<u>42,613</u>	<u>3,209,588</u>
EXPENDITURES			
Salaries and wages	308,249	—	308,249
Fringe benefits	102,891	—	102,891
Contractual	1,449,685	—	1,449,685
Travel	19,373	6,296	25,669
Space	342	—	342
Supplies	9,714	10,784	20,498
Equipment	6,369	—	6,369
Other	252,445	34,777	287,222
In-kind	<u>1,020,192</u>	<u>—</u>	<u>1,020,192</u>
Total expenditures	<u>3,169,260</u>	<u>51,857</u>	<u>3,221,117</u>
Revenue Under Expenditures	(2,285)	(9,244)	(11,529)
FUND BALANCE			
Beginning	<u>2,285</u>	<u>9,244</u>	<u>11,529</u>
Ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></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, 2019**

	Community Service Block Grant			
	Federal	State and TANF	Domestic Violence	Total
REVENUE				
Grants	\$ 622,255	\$ 375,000	\$ 144,319	\$ 1,141,574
In-kind	—	—	9,464	9,464
	622,255	375,000	153,783	1,151,038
Total revenue				
EXPENDITURES				
Salaries and wages	298,759	78,196	62,023	438,978
Fringe benefits	83,503	34,435	11,764	129,702
Contractual	87,411	68,537	12,000	167,948
Travel	32,148	15,181	16,855	64,184
Space	31,737	3,822	—	35,559
Supplies	10,499	2,322	4,500	17,321
Equipment	4,037	1,111	1,800	6,948
Emergency Assistance	—	21,006	—	21,006
Other	74,549	150,678	35,377	260,604
In-kind	—	—	9,464	9,464
	622,643	375,288	153,783	1,151,714
Total expenditures	(388)	(288)	—	(676)
Revenue Under Expenditures				
	—	(440)	(10,826)	(11,266)
FUND BALANCE				
Beginning				
Ending	\$ (388)	\$ (728)	\$ (10,826)	\$ (11,942)

**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, 2019**

	<u>Roanoke City Homeless Solutions</u>
REVENUE	
Local cash	\$ <u>39,000</u>
EXPENDITURES	
Salaries and wages	13,722
Fringe benefits	5,931
Travel	12,902
Space	3,655
Supplies	745
Emergency assistance	3,164
Other	<u>7,107</u>
Total expenditures	<u>47,226</u>
Revenue Over Expenditures	(8,226)
FUND BALANCE	
Beginning	<u>28,696</u>
Ending	\$ <u><u>20,470</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, 2019**

		<u>Weatherization</u>	<u>Emergency Home Repair</u>	<u>Indoor Plumbing</u>	<u>Total</u>
REVENUE					
Grants	\$	954,651	\$ 130,019	\$ 57,942	\$ 1,142,612
Contributions		850	-	-	850
Program income		-	-	40,437	40,437
		<u>955,501</u>	<u>130,019</u>	<u>98,379</u>	<u>1,183,899</u>
Total revenue					
EXPENDITURES					
Salaries and wages		385,317	19,440	6,242	410,999
Fringe benefits		114,671	9,729	2,074	126,474
Contractual		127,708	100,539	53,782	282,029
Travel		52,791	-	24	52,815
Space		34,664	-	-	34,664
Supplies		137,817	-	1,089	138,906
Equipment		33,483	-	-	33,483
Other		108,360	354	3,144	111,858
		<u>994,811</u>	<u>130,062</u>	<u>66,355</u>	<u>1,191,228</u>
Total expenditures					
		<u>(39,310)</u>	<u>(43)</u>	<u>32,024</u>	<u>(7,329)</u>
Revenue Over (Under) Expenditures					
		<u>(11,012)</u>	<u>(6,308)</u>	<u>(44,460)</u>	<u>(61,780)</u>
FUND BALANCE					
Beginning					
Ending	\$	<u>(50,322)</u>	\$ (6,351)	\$ (12,436)	\$ (69,109)

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

**Weatherization
Schedule of Grant Revenue and Expenditures
For the Year Ended June 30, 2019**

	<u>Department of Energy</u>	<u>Low Income Home Energy Assistance</u>	<u>Total</u>
REVENUE			
Grants	\$ 212,427	\$ 742,224	\$ 954,651
Other earned income	255	595	850
	<u>212,682</u>	<u>742,819</u>	<u>955,501</u>
EXPENDITURES			
Liability insurance	950	4,246	5,196
Materials	28,531	89,771	118,302
Program support	150,683	545,270	695,953
Health and safety	22,843	71,883	94,726
Administration	12,956	41,221	54,177
TTA	-	26,457	26,457
	<u>215,963</u>	<u>778,848</u>	<u>994,811</u>
Revenue Under Expenditures	(3,281)	(36,029)	(39,310)
FUND BALANCE			
Beginning	<u>(86,795)</u>	<u>75,783</u>	<u>(11,012)</u>
Ending	<u>\$ (90,076)</u>	<u>\$ 39,754</u>	<u>\$ (50,322)</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, 2019**

	Total
REVENUE	
Grants	\$ 28,317
Programs	2,697
Other earned income	13,375
Local cash	116,500
Contributions	390
Total revenue	161,279
EXPENDITURES	
Salaries and wages	72,911
Fringe benefits	15,709
Contractual	3,448
Travel	16,978
Space	23,864
Supplies	6,306
Equipment	1,076
Other	20,373
Total expenditures	160,665
Revenue Over Expenditures	614
FUND BALANCE	
Beginning	50,138
Ending	\$ 50,752

**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, 2019**

	<u>Project Discovery of Virginia</u>
REVENUE	
Grants	\$ 68,169
In-kind	<u>60,552</u>
Total revenue	<u>128,721</u>
EXPENDITURES	
Salaries and wages	35,740
Fringe benefits	6,746
Contractual	109
Travel	9,250
Space	2,958
Supplies	1,038
Equipment	1,013
Other	11,114
In-kind	<u>60,552</u>
Total expenditures	<u>128,520</u>
Revenue Over Expenditures	201
FUND BALANCE	
Beginning	<u>(18,916)</u>
Ending	<u><u>\$ (18,715)</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, 2019**

	<u>Virginia Cares</u>	<u>United Way Roanoke Valley</u>
REVENUE		
Grants	\$ 114,507	\$ 180,151
EXPENDITURES		
Salaries and wages	62,403	53,846
Fringe benefits	21,113	17,313
Contractual	-	34,338
Travel	12,896	3,950
Space	3,814	9,004
Supplies	2,000	12,993
Equipment	-	5,776
Emergency assistance	-	525
Other	12,281	15,561
Total expenditures	<u>114,507</u>	<u>153,306</u>
Revenue Over Expenditures	-	26,845
FUND BALANCE		
Beginning	<u>(16,733)</u>	<u>191,087</u>
Ending	<u>\$ (16,733)</u>	<u>\$ 217,932</u>

**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, 2019, 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 16, 2019.

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.

A. J. + K. M., LLP

Roanoke, Virginia
December 16, 2019

**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, 2019. 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, 2019.

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. L., LLP

Roanoke, Virginia
December 16, 2019