



Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Consolidated Financial Report

June 30, 2024

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

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Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Executive Officers and Board of Directors

June 30, 2024

Executive Officers

Paul Nester	Roanoke, Virginia	Board Chair
Sandra Pratt	Vinton, Virginia	First Vice Chair
Kevin Lockhart	Roanoke, Virginia	Second Vice Chair/Treasurer
Brenda Hale	Roanoke, Virginia	Secretary
Robby Bailey	Lexington, Virginia	HR Committee Chair
Randy Foley	Salem, Virginia	Property Committee Chair
Craig Balzer	Roanoke, Virginia	Chair Emeritus
Zach Agee (Woods Rogers)	Roanoke, Virginia	
Ron D. Boyd (Local Office on Aging, Inc.)	Roanoke, Virginia	
Suzie Broughfman (County of Alleghany)	Low Moor, Virginia	
Lee Clark (Rescue Mission)	Roanoke, Virginia	
Monique Clemont (Homeless Advisory Council)	Roanoke, Virginia	

Board of Directors

Matt Crookshank (Blue Ridge Continuum of Care)	Roanoke, Virginia
Sharon Custer-Bogges (NAACP Roanoke Chapter)	Roanoke, Virginia
William Dixon (Pinnacle Financial Partners)	Roanoke, Virginia
Dr. Deneen Evans (Radford University School of Social Work)	Roanoke, Virginia
Jennifer Eversole (RAKE Digital)	Salem, Virginia
Dr. Leslie Floyd (Early Childhood Education)	Roanoke, Virginia
Patricia Franklin (Craig County)	New Castle, Virginia
Baraka Kasongo (Family Services of the Roanoke Valley)	Roanoke, Virginia
Paul Mahoney (Roanoke County)	Roanoke, Virginia
Mary Ann Miller (Botetourt County)	Daleville, Virginia
Maria Motely-Arnold	Roanoke, Virginia
Stephen Niamke (Feeding Southwest Virginia)	Salem, Virginia
Anita Price (Harrison Museum)	Roanoke, Virginia
Shasta Robertson (Town of Clifton Forge)	Clifton Forge, Virginia
Vivian Sanchez-Jones (City of Roanoke)	Roanoke, Virginia
Tom Sibold (City of Covington)	Covington, Virginia
David Trinkle M.D. (The Fork Restaurants and Valley Geropsychiatry)	Roanoke, Virginia
Paul Williams (Rockbridge County)	Glasgow, Virginia

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries (a nonprofit organization, and hereinafter referred to as the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Organization's schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 the consolidated financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Executive Officers and Board of Director sections but does not include the basic consolidated financial statements and our auditor's report thereon. Our opinions on the basic consolidated financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
March 31, 2025



Consolidated Financial Statements

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Consolidated Statements of Financial Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 167,288	\$ 184,984
Restricted cash and cash equivalents	1,661,374	947,961
Grants receivable	1,897,188	2,276,897
Accounts receivable	110,085	117,319
Other receivables – related party	138,398	60,042
Reserves (Note 11)	450,809	584,268
Notes receivable – current	125,132	130,760
Other assets	79,189	68,724
Total current assets	<u>4,629,463</u>	<u>4,370,955</u>
PROPERTY AND EQUIPMENT, net (Note 2)	<u>4,621,685</u>	<u>3,603,557</u>
OPERATING LEASE RIGHT-OF-USE ASSETS (Note 10)	1,384,567	1,746,359
ASSETS HELD-FOR-SALE (Note 2)	7,000,000	11,594,000
NOTES RECEIVABLE	<u>1,183,981</u>	<u>260,553</u>
Total assets	<u>\$ 18,819,696</u>	<u>\$ 21,575,424</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Line of credit (Note 4)	\$ 160,983	\$ 525,456
Accounts payable and accrued expenses	971,937	749,517
Current portion of notes payable (Note 3)	238,831	255,756
Annual leave	89,876	88,936
Healthcare benefits accrued	32,316	65,420
Current portion of right-of-use lease liability (Note 10)	363,075	317,751
Deferred revenue	2,302,261	423,762
Refundable advance from grantor	528,404	528,404
Amounts held on behalf of others	231,606	385,342
Total current liabilities	4,919,289	3,340,344
LONG-TERM PORTION OF NOTES PAYABLE (Note 3)	3,926,272	4,065,752
LONG-TERM PORTION OF RIGHT OF USE LEASE LIABILITY (Note 10)	<u>1,062,943</u>	<u>1,426,018</u>
Total liabilities	9,908,504	8,832,114
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>8,911,192</u>	<u>12,743,310</u>
Total liabilities and net assets	<u>\$ 18,819,696</u>	<u>\$ 21,575,424</u>

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Consolidated Statements of Activities

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Grants	\$ 25,258,352	\$ 22,131,869
USDA	591,291	579,743
Program income	49,500	4,813
Rental income	1,306,426	780,428
Other earned income	165,058	226,298
Local cash (Note 5)	376,242	525,847
Contributions	317,428	442,896
Interest	52,725	28,274
Gain on bargain purchase (Note 7)	-	6,548,898
In-kind (Note 9)	3,963,450	2,805,413
	<u>32,080,472</u>	<u>34,074,479</u>
Total support and revenue		
EXPENSES		
Program services	<u>28,533,758</u>	<u>25,299,400</u>
Supporting services:		
Management and general	2,162,182	2,028,307
Fundraising	622,650	607,496
	<u>2,784,832</u>	<u>2,635,803</u>
Total supporting services		
Total expenses	<u>31,318,590</u>	<u>27,935,203</u>
Impairment of property held-for-sale (Note 2)	<u>(4,594,000)</u>	<u>-</u>
Change in net assets	(3,832,118)	6,139,276
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning	<u>12,743,310</u>	<u>6,604,034</u>
Ending	<u><u>\$ 8,911,192</u></u>	<u><u>\$ 12,743,310</u></u>

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses

Years Ended June 30, 2024 and 2023

	2024			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 9,723,489	\$ 680,293	\$ 360,019	\$ 10,763,801
Payroll taxes and fringe benefits	2,362,413	180,161	97,553	2,640,127
Contractual	5,091,110	497,021	35,080	5,623,211
Travel	345,297	16,118	8,583	369,998
Space	1,053,541	194,844	41,503	1,289,888
Supplies	1,883,074	64,416	21,168	1,968,658
Emergency assistance	280,419	-	-	280,419
Participant expense	1,065,928	-	-	1,065,928
Other	2,141,221	164,822	53,755	2,359,798
Depreciation	142,921	148,813	4,989	296,723
In-kind	2,943,850	-	-	2,943,850
Operating expense rental property	1,257,736	128,110	-	1,385,846
Interest	242,759	87,584	-	330,343
Total	<u>\$ 28,533,758</u>	<u>\$ 2,162,182</u>	<u>\$ 622,650</u>	<u>\$ 31,318,590</u>

	2023			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 8,390,480	\$ 680,076	\$ 333,559	\$ 9,404,115
Payroll taxes and fringe benefits	2,281,497	188,925	111,437	2,581,859
Contractual	5,225,436	441,065	52,482	5,718,983
Travel	333,138	17,238	5,266	355,642
Space	806,977	175,025	35,403	1,017,405
Supplies	1,571,817	47,406	13,938	1,633,161
Emergency assistance	455,373	-	-	455,373
Participant expense	1,091,871	-	-	1,091,871
Other	1,353,775	146,319	50,422	1,550,516
Depreciation	143,237	163,403	4,989	311,629
In-kind	2,805,413	-	-	2,805,413
Operating expense rental property	711,284	116,329	-	827,613
Interest	129,102	52,521	-	181,623
Total	<u>\$ 25,299,400</u>	<u>\$ 2,028,307</u>	<u>\$ 607,496</u>	<u>\$ 27,935,203</u>

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (3,832,118)	\$ 6,139,276
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	296,723	311,629
Amortization of operating lease right-of-use assets	361,792	314,270
Gift-in-kind of property and equipment	(1,019,600)	-
Impairment of property held for sale	4,594,000	-
Gain on bargain purchase	-	(6,548,898)
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants receivable	379,709	(434,297)
Other receivables- related party	(78,356)	249,978
Accounts receivable	7,234	(117,391)
Other assets	(10,465)	129,590
Increase (decrease) in:		
Accounts payable and accrued expenses	222,420	319,041
Annual leave	940	23,727
Healthcare benefits accrued	(33,104)	24,504
Deferred revenue	1,878,499	205,762
Amounts held on behalf of others	(153,736)	(185,343)
Operating lease liabilities	(317,751)	(311,461)
Net cash provided by operating activities	<u>2,296,187</u>	<u>120,387</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	(295,251)	(122,924)
Change in notes receivable, net	(917,800)	(21,573)
Reserve fund for replacements	133,459	(584,268)
Business acquisitions	-	68,704
Net cash used in investing activities	<u>(1,079,592)</u>	<u>(660,061)</u>
FINANCING ACTIVITIES		
Borrowings on line of credit, net	(364,473)	525,456
Principal payments on notes payable	(156,405)	(53,340)
Net cash (used in) provided by financing activities	<u>(520,878)</u>	<u>472,116</u>
Net increase (decrease) in cash and cash equivalents	695,717	(67,558)
CASH AND CASH EQUIVALENTS		
Beginning	1,132,945	1,200,503
Ending	<u><u>\$ 1,828,662</u></u>	<u><u>\$ 1,132,945</u></u>

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH IS REPORTED ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS:		
Cash and cash equivalents	\$ 167,288	\$ 184,984
Restricted cash and cash equivalents	<u>1,661,374</u>	<u>947,961</u>
	<u>\$ 1,828,662</u>	<u>\$ 1,132,945</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING & FINANCING ACTIVITIES		
Adoption of FASB ASC 842		
Operating lease right-of-use assets	\$ -	\$ 2,060,628
Operating lease liabilities incurred	<u>-</u>	<u>(2,055,229)</u>
Cash paid to acquire right-of-use assets	<u>\$ -</u>	<u>\$ 5,399</u>
In-kind contribution of land and building	<u>\$ 1,019,600</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Acquisition of Terrace North, LP and Terrace South, LP		
Source of acquisition funding:		
Net assets	<u>\$ -</u>	<u>\$ (74,200)</u>
Use of acquisition funding:		
Accounts receivable, net	-	(117,319)
Reserves	-	(584,268)
Real estate held-for-sale	-	(11,594,000)
Accounts payable assumed	-	126,072
Debt assumed	-	4,136,146
Gain on bargain purchase	-	6,548,898
Forgiveness of related-party receivable	-	1,865,057
Net income (expense)	<u>-</u>	<u>(237,682)</u>
	<u>-</u>	<u>142,904</u>
	<u>\$ -</u>	<u>\$ 68,704</u>

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024

Note 1 – Nature of Operations and Significant Accounting Policies

Nature of Operations

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries (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.

Consolidation Policy

The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiaries, TAAP Real Property I, LLC; TAAP Real Property II, LLC; Terrace Management LLC; and TAP Neighborhood Strategies, LLC.

Prior to 2023, the Organization was a general partner and a .01% owner in the limited partnerships of Terrace North, LP and Terrace South, LP. See Note 7. During 2023, the Organization acquired 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.

All material intra-organization accounts and transactions have been eliminated in consolidation.

Basis of Financial Statement Presentation and Accounting

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying consolidated financial statements present information regarding the Organization’s consolidated financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported in two classes as follows:

- **Net assets without donor restrictions** are net assets available for use in general operations and not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not restricted by donors are included in this classification. Expenses are reported as decreases in this classification. 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.
- **Net assets with donor restrictions** are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the Organization pursuant to those stipulations. Net assets with donor restrictions also includes amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various operating needs.

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024

Recent Accounting Pronouncements

Effective July 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which expands the information entities are required to consider when estimating credit losses and lowers the threshold for recognized losses on financial instruments not measured at fair value. Under the new model, nonprofit organizations will measure expected credit losses (rather than probable losses) based on historical experience, current conditions, and reasonable and supportable forecasts. The Organization adopted this new guidance utilizing the modified retrospective transition method. Financial assets held by the Organization that are subject to ASU 2016-13 include notes receivable and accounts receivable. The adoption of this ASU did not have a material impact on the Organization's consolidated financial statements and did not change how the allowance for credit losses is determined.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Cash and cash equivalents are stated at cost, which approximates market value. Cash held for refundable advances is classified as restricted cash.

Receivables

Grants and other receivables represent amounts for which the Organization has an unconditional right to receive. Grants and other receivables are stated at the amount management expects to be collected from the outstanding balance. As of June 30, 2024, management has determined, based on historical experience, current economic conditions and reasonable and supportable forecasts that all amounts are fully collectible and no allowance for credit losses is necessary.

Property and Equipment

Property and equipment in excess of \$5,000 is 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.

Notes Receivable

The Organization accounts for its notes receivable at cost and recognizes interest income as it is earned.

Contributions

Contributions, including unconditional promises to give, are recognized as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor-restrictions, in the period the donor's commitment is received. Unconditional promises to give without donor restrictions are recognized as revenues with donor restrictions unless the donor explicitly stipulates its use to support current period activities.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions.

The Organization reports gifts of property and equipment as net assets support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024

reported as support with donor restriction. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when donated or acquired long-lived assets are placed in service.

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

Accrued Compensation

The Organization accrues for salaries and all other compensation earned but not paid.

Cost Allocation

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 the Organization provides contractual services.

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.

Income Taxes

The Organization is classified as an exempt organization for federal income tax purposes under Section 501(c)(3) of the *Internal Revenue Code*.

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.

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024

Advertising Costs

The Organization expenses advertising costs as incurred.

Subsequent Events

Management has evaluated subsequent events through March 31, 2025, the date which the consolidated financial statements were available for issue.

Note 2 – Property and Equipment

Property and equipment consist of the following at June 30:

	Estimated Useful Life	2024	2023
Building and improvements	10-40 Years	\$ 7,227,379	\$ 6,442,579
Fixtures and equipment	5-10 Years	1,799,188	1,537,624
Vehicles	5 Years	1,325,078	1,366,069
		10,351,645	9,346,272
Less accumulated depreciation		(6,872,808)	(6,650,763)
		3,478,837	2,695,509
Land		1,142,848	908,048
		<u>\$ 4,621,685</u>	<u>\$ 3,603,557</u>

During 2023, the Organization purchased Terrace North, LP and Terrace South, LP. The Organization acquired real estate with a fair value of \$11,594,000 as part of the purchase. The Organization has accepted a non-binding offer to sell the property for \$7,000,000. As a result, an impairment loss of \$4,594,000 was recognized on the property during 2024, reducing the value to \$7,000,000.

Note 3 – Notes Payable

Notes payable consists of the following at June 30:

	2024	2023
Note payable to Truist in monthly principal installments of \$2,884, plus interest at 7.9%, maturing September 2027. Note is secured by real estate.	\$ 99,143	\$ 124,887
Note payable to Truist in monthly installments of \$1,403, including interest at 4.46%, maturing May 2027. Note is secured by real estate.	46,090	60,474
Note payable to VHDA in monthly installments of \$11,481, including interest at 6.22%, maturing March 2041. Note is secured by real estate.	1,431,140	1,478,251
Note payable to DHCD in monthly installments of \$1,250, including interest at 3.0%, maturing February 2027. Note is secured by real estate.	500,000	500,000

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024

	2024	2023
Note payable to VHDA in monthly installments of \$16,689, including interest at 6.17%, maturing March 2041. Note is secured by real estate.	2,088,730	2,157,896
	4,156,103	4,321,508
Less current portion	(238,831)	(255,756)
	\$ 3,926,272	\$ 4,065,752

Debt matures as follows at June 30:

Year Ending	
2025	\$ 238,831
2026	647,506
2027	154,058
2028	148,840
2029	158,316
2030 and thereafter	2,817,552
	\$ 4,165,103

Note 4 – Lines of Credit

The Organization has a \$1.0 million line of credit payable on demand with Truist through August 2025. Interest is payable at the bank's prime rate plus 1%, which was 9.25% on June 30, 2024. The line is secured by the Organization's assets and had a balance of \$160,983 and \$525,456 at June 30, 2024 and 2023, respectively.

Note 5 – Local Government Support

Local governments within the Organization's service area provided the following support for various programs as of June 30:

	2024	2023
Alleghany County	\$ 5,775	\$ 5,775
Bath County	2,000	2,000
Buena Vista	-	2,700
Botetourt County	3,700	1,000
Covington	5,400	5,400
Craig County	365	365
Lexington	2,000	-
Roanoke City	120,000	200,000
Roanoke City Land Bank	153,737	185,342
Roanoke City Youth Violence	-	40,000
Roanoke County	34,600	34,600
Rockbridge County	13,600	13,600
Salem	35,065	35,065
	\$ 376,242	\$ 525,847

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024

Note 6 – 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. After two years of service, employees become eligible for the Organization's contribution to the plan. The Organization contributes an amount equal to 4% of each participant's compensation for the fiscal year and a 4% match of eligible employees' deferred contributions for the years ended June 30, 2024 and 2023, and totaled \$479,118 and \$443,168, respectively.

Note 7 – Business Combinations

On December 31, 2022, the Organization purchased Terrace North, LP for \$31,200 and Terrace South, LP for \$43,000. In accordance with GAAP, the assets and liabilities acquired during a business combination described herein have been recorded at their estimated fair values at the date of the acquisition. A single estimate of fair value results from a complex series of judgments about future events and uncertainties and relies heavily on estimates and assumptions. The judgments used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact future results of operations.

The Organization had notes receivable from Terrace North, LP and Terrace South LP in the amount of \$1,865,057 that were forgiven in the acquisition.

After accounting for the acquisition, asset and liabilities at June 30, 2023 were as follows:

Assets:	
Cash	\$ 142,904
Accounts receivable	117,319
Reserves	584,268
Property and equipment	11,594,000
Total assets	<u>12,438,491</u>
Liabilities:	
Accounts payable	126,072
Long-term debt	4,136,146
Total liabilities	<u>4,262,218</u>
Net assets acquired	<u><u>\$ 8,176,273</u></u>

As net assets acquired exceeded the value of the consideration transferred, a gain on bargain purchase of \$6,548,898 is recognized in the consolidated statement of activities for the period ended June 30, 2023.

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024

Note 8 – Financial Assets and Liquidity Resources

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following at June 30:

	2024	2023
Cash	\$ 167,288	\$ 184,984
Accounts receivable	110,085	117,319
Grants receivable	1,897,188	2,276,897
Financial assets available for general expenditures	<u>\$ 2,174,561</u>	<u>\$ 2,579,200</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization also has a line of credit totaling \$1,000,000 to cover operating cash needs periodically throughout the year. At June 30, 2024, \$839,017 was available and at June 30, 2023, \$474,544 was available.

Note 9 – Contributed Nonfinancial Assets

For the years ended June 30, contributed nonfinancial assets recognized within the consolidated statement of activities included:

	2024	2023
Space	\$ 2,628,651	\$ 2,646,504
Greenvale Nursery	1,019,600	-
Miscellaneous	315,199	158,909
	<u>\$ 3,963,450</u>	<u>\$ 2,805,413</u>

The Organization recognized contributed nonfinancial assets within revenue.

The contributed space was primarily for building use as part of the Head Start program. In valuing the in-kind space, the Organization estimated the fair value on the basis of real estate appraisals.

In valuing the contributed Greenvale Nursery, the Organization estimated the fair value on the basis of recent appraisals.

Note 10 – Operating Leases

The Organization leases certain floors of office facilities in Roanoke. Monthly rental payments are \$26,266 and increase 2.5% each year through February 2027. The lease is authorized through February 2028. The lease can be renewed for one additional term no longer than 5 years at market rate.

The Organization leases office copiers extending through February 2028. Monthly rental payments are \$5,400.

In the measurement of the operating lease right-of-use assets and liabilities, the Organization only considers lease options they are reasonably certain to exercise. The Organization reasonably expects to renew through the authorized lease term.

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024

Future undiscounted cash flows under operating lease liabilities were as follows at June 30, 2024:

<u>Year Ending June 30,</u>	
2025	\$ 398,692
2026	407,040
2027	415,596
2028	280,929
	<u>1,502,257</u>
Present value adjustment	<u>(76,239)</u>
	<u><u>\$ 1,426,018</u></u>

Presented on the consolidated statements of financial position as of June 30, 2024 as:

Operating lease liabilities current portion	\$ 363,075
Operating lease liabilities long-term portion	<u>1,062,943</u>
	<u><u>\$ 1,426,018</u></u>

Operating leases are reflected on the consolidated statements of financial position within operating lease right-of-use assets and the related current and non-current operating lease liabilities. Operating lease right-of-use assets and operating lease liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon the present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term, subject to any change in the lease or expectation regarding the lease term. Variable lease costs such as property taxes and insurance are expensed as incurred. The lease agreements do not include any material residual value guarantees or restrictive covenants.

The operating right-of-use assets and related operating lease liabilities are calculated based on the present value of the lease payments using (1) the rate implicit in the lease or (2) the lessee's incremental borrowing rate, defined as the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment. Alternatively, non-public companies can elect by asset class to use a risk-free rate of return as the discount rate if the implicit rate is not readily determinable. The Organization has elected to use the risk-free rate.

The weighted average discount rate was 2.90% at June 30, 2024. The weighted average remaining lease term was 3.67 years at June 30, 2024.

Note 11 – Reserves

In accordance with the provisions of the regulatory agreement, certain restricted cash is held by VHDA to be used for replacement of property with the approval of VHDA as follows:

	<u>Terrace North</u>	<u>Terrace South</u>	<u>Total</u>
Reserve fund for replacements	\$ 122,665	\$ 304,756	\$ 427,421
Escrow tax	9,605	13,783	23,388
	<u><u>\$ 132,270</u></u>	<u><u>\$ 318,539</u></u>	<u><u>\$ 450,809</u></u>

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024

Note 12 – Unresolved Expenses

Included in operating expenses is approximately \$46,000 and \$14,000 in expenses for 2024 and 2023, respectively, which management has determined were for items that may not have been received, were received and subsequently misappropriated, or did not go through the approval process. The Organization has hired an expert to further investigate the expenses. As of the date of this report, the investigation was still ongoing and final amounts are subject to the results of this investigation.

Note 13 – Commitments, Contingencies, and Concentrations

The Organization may be involved in potential lawsuits or other claims arising in the normal course of business. It is management's belief that any liability resulting from such claims would not be material in relation to the Organization's financial position.

The Organization receives a substantial amount of support from state and federal agencies. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Organization's programs and activities.

Grants

Under the terms of certain grant programs, periodic audits may be made, and certain costs may be questioned as not being appropriate expenses. Laws and regulations governing the grant programs and allowability of program costs are complex and subject to interpretation. Accordingly, such audits could lead to disallowances requiring reimbursements to the grantor agencies, which could be material to the Organization's financial statements. Management of the Organization believes that the Organization is in compliance with applicable laws and regulations in all material respects.



Compliance Section

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. and Subsidiaries
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 (a nonprofit organization) (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2024, 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 March 31, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiency in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
March 31, 2025

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. and Subsidiaries
Roanoke, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries' (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the Organization's schedule of findings and questioned costs.

In our opinion, the Organization 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, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying

schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
March 31, 2025

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

A – Summary of Auditor’s Results

1. The auditor’s report expresses an **unmodified opinion** on whether the consolidated financial statements of the Organization were prepared in accordance with GAAP.
2. **No significant deficiencies and no material weaknesses** relating to the audit of the consolidated financial statements were reported in the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the consolidated financial statements of the Organization were disclosed during the audit.
4. **No material weaknesses and no significant deficiencies in internal control** relating to the audit of the major federal award programs was 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 the Organization expresses an **unmodified opinion on all major federal programs**.
6. The audit disclosed **one audit finding relative to the major programs**.
7. The programs tested as a major federal program were:

Department of Health and Human Services	
Head Start Cluster	93.600
Department of the Treasury	
Coronavirus State and Local Fiscal Recovery Funds	21.027
8. The **threshold** for distinguishing Type 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

2024-001 – HeadStart Cluster, AL# 93.600, Activities Allowed/Unallowed

Condition: Included in HeadStart expenditures for 2024 are amounts that are believed to be fraudulently expended and not for their intended use. In some instances, the funds were disbursed without proper authorization, primarily through use of Agency credit cards. In other instances, co-payments for HeadStart services were not properly remitted for deposit, resulting in the need to use additional Federal funds to cover costs.

Criteria: All expenditures are to be properly authorized, and all funds are to be properly remitted for deposit. The Agency does have policies in place requiring these to occur.

Cause: Employees acted outside the policies and procedures in place to misappropriate funds.

Effect: HeadStart funds were not used for their intended purpose.

Questioned Cost Amount: Final amounts to be determined.

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Perspective Information: N/A

Recommendation: While HeadStart has review and approval policies in place, we recommend that they continue to look for ways to tighten policies and procedures around agency card use and remittance of funds for deposit. Any additional segregation of processes that can be feasibly made should be taken.

Views of Responsible Officials and Planned Corrective Action: *1) We have and will be working closely with our HR and Head Start attorneys to recoup as much of the potentially fraudulent charges as possible and for guidance in communication with the persons involved. The Head Start Attorney suggested we retain forensic accountants to conduct a fraud audit of all TAP Head Start financial records. The accountants have been retained and are beginning work.*

2) We will create policies to require detailed explanation of meal purchases, prohibit TAP credit card use for purchases from personal on-line accounts, and address any additional issues the auditors may find. Our junior staff accountant will review credit card payment vouchers for compliance.

3) A separate object code (account) will be created in our accounting software where all gift card purchases will be coded. Our accounts payable clerks will submit copies of any gift card charges to our junior staff accountant, who will be responsible for reviewing and verifying that all required documentation is included (as required in Gift Card policies on TAP's accounting manual).

4) Copies of Center receipt logs for parent payments will be submitted to Finance where they will be reconciled by the Head Start Finance Director to funds remitted.



Supplemental Schedule

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

	Federal Assistance Listing Number	Expenditures	Total Cluster
Department of Health and Human Services:			
Direct program			
Head Start	93.600	\$ 13,324,887	
Early Head Start Partner	93.600	2,823,313	
Total Head Start Cluster			16,148,200
Pass-through programs from:			
Virginia Department of Housing and Community Development – LIHEAP	93.568	801,982	
Virginia Department of Housing and Urban Development HOME	14.239	15,897	
Virginia Department of Criminal Justice Services Victims of Crime	16.575	193,248	
Virginia Department of Social Services CSBG	93.569	648,399	
TANF	93.558	555,000	
Victims of Crime	16.575	148,301	
Subtotal Department of Health and Human Services – pass-through programs		2,362,827	
Total Department of Health and Human Services		18,511,027	
Department of Housing and Urban Development:			
Direct programs:			
Housing Counseling Assistance Program	14.169	19,321	
Subtotal Department of Health and Urban Development – direct program		19,321	
Pass-through programs from:			
Virginia Housing Development Authority Housing Counseling Assistance Program	14.169	45,000	
Lead Hazard Reduction Grant Program	14.900	160,697	
Subtotal Department of Housing and Urban Development – pass-through programs		205,697	
Total Department of Housing and Urban Development		225,018	
United States Department of Agriculture (USDA):			
Direct programs:			
Child and Adult Care Food Program	10.558	591,291	
Department of Labor:			
Direct programs:			
Homeless Veterans’ Reintegration Program	17.805	168,115	
Workforce Opportunity for Rural Communities	17.274	601,004	
Pathways	17.280	684,062	
Total Department of Labor		1,453,181	

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

	Federal Assistance Listing Number	Expenditures	Total Cluster
Department of Veterans Affairs:			
Direct program:			
Supportive Services for Veteran Families	64.033	127,522	
Supportive Services for Veteran Families- Heath and Money Management	64.033	73,721	
Supportive Services for Veteran Families- Shallow Subsidy	64.033	195,507	
Total Department of Veterans Affairs		396,750	
Department of Energy:			
Pass-through programs from:			
Virginia Department of Housing and Community Development:			
Weatherization Assistance Program	81.042	150,876	
Bipartisan Infrastructure Law	81.042	563,919	
Total Department of Energy		714,795	
Department of Justice:			
Direct program:			
Violence, Dating Violence, Stalking, or Sexual Assault	16.736	249,035	
Second Chance Act Reentry Initiative	16.812	118,800	
Girls United	16.830	132,055	
Juvenile Mentoring Program	16.726	195,661	
Total Department of Justice		695,551	
Department of the Treasury:			
Direct program:			
VITA	21.009	25,000	
Subtotal Department of Treasury - direct program		25,000	
Pass-through programs from:			
City of Roanoke			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds			
Land Bank	21.027	139,332	
ARPA Loan	21.027	1,000,000	
Subtotal Department of Treasury - pass-through programs		1,139,332	
Total Department of Treasury		1,164,332	
Pass-through program from Department of Social Services:			
CAPSAE (Waynesboro CAP) Broadband equity	11.035	5,891	
		5,891	
Total Expenditures of Federal Awards		\$ 23,757,836	

Total Action Against Poverty in the Roanoke Valley, Inc. and Subsidiaries

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Note A – Basis of Presentation

The Schedule of Expenditures of Federal Awards (the “Schedule”) includes the Federal award activity of the Organization under programs of the Federal Government for the year ended June 30, 2024. 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 the Organization, it is not intended to, and does not present the financial position, changes in net assets or cash flows of the Organization.

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

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