

EnAct, Inc.

CHARLESTON, WEST VIRGINIA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

WITH INDEPENDENT AUDITOR'S REPORT THERON

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EnAct, Inc.

Table of Contents

For the Year Ended December 31, 2016

| | <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Independent Auditor's Report | 1 |
| Basic Financial Statements | |
| Statement of Financial Position | 4 |
| Statement of Activities | 5 |
| Statement of Cash Flows | 6 |
| Notes to the Financial Statements | 7 |
| Supplementary Information | 14 |
| Schedule of Expenditures of Federal Awards | 15 |
| Notes to the Schedule of Expenditures of Federal Awards | 16 |
| Schedule of Support, Revenue and Expenditures | 17 |
| Schedule of Grant Support, Revenue and Expenditures Compared to Grant Budget | 19 |
| Reports on Internal Control and on Compliance and Other Matters | 20 |
| 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 <i>Government Auditing Standards</i> | 21 |
| Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance for Federal Awards | 23 |
| Schedule of Findings and Questioned Costs | 26 |

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
EnAct, Inc.
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of EnAct, Inc., West Virginia (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 financial statements are free from material misstatement.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information on pages 16 through 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Agency. The accompanying schedule of expenditures of federal awards, on page 15 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 also presented for purposes of additional analysis and is not a required part of the basic 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 financial statements. The supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic 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 April 28, 2017, on our consideration of EnAct, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering EnAct, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "David L. Howell, CPA". The signature is written in a cursive, flowing style.

David L. Howell, CPA
Cabin Creek, West Virginia
April 28, 2017

EnAct, Inc.

Statement of Financial Position

December 31, 2016

ASSETS:

Current assets:

| | |
|--------------------------------|--------------|
| Cash and cash equivalents | \$ 14,743 |
| Accounts and grants receivable | 92,750 |
| Prepaid expenses | 6,169 |
| Other current assets | <u>6,105</u> |
| Total current assets | 119,767 |

Fixed assets:

| | |
|-------------------------------------------------------|-------------------|
| Property and equipment, less accumulated depreciation | <u>97,290</u> |
| Total assets | <u>\$ 217,057</u> |

LIABILITIES AND NET ASSETS:

Current liabilities:

| | |
|----------------------------------------|----------------|
| Current maturities of loan payable | \$ 14,935 |
| Bank line of credit | 10,000 |
| Accounts payable -- current | 44,639 |
| Accrued wages and compensated absences | 70,237 |
| Deferred revenue | <u>1,621</u> |
| Total current liabilities | <u>141,432</u> |

Long-term debt

| | |
|---------------------------------|----------------|
| Loan payable, long-term portion | <u>35,330</u> |
| Total long-term liabilities | <u>35,330</u> |
| Total liabilities | <u>176,762</u> |

Net assets

| | |
|-------------------------|---------------|
| Unrestricted net assets | <u>40,295</u> |
| Net assets | <u>40,295</u> |

| | |
|----------------------------------|-------------------|
| Total liabilities and net assets | <u>\$ 217,057</u> |
|----------------------------------|-------------------|

The accompanying notes are an integral part of these financial statements.

EnAct, Inc.

Statement of Activities

For the Year Ended December 31, 2016

OPERATING SUPPORT AND REVENUES:

| | |
|----------------------------|------------------|
| Federal program revenue | \$ 944,771 |
| Net client service revenue | 395,495 |
| Local grant revenue | 45,000 |
| Donations | 12,710 |
| FEMA funds -- local | 5,938 |
| MTM Transporation | 265,777 |
| In-kind donations | 339,004 |
| Other income | <u>26,755</u> |
| Total support and revenue | <u>2,035,450</u> |

OPERATING EXPENSES:

| | |
|--------------------------------|------------------|
| Community Services Block Grant | 933,117 |
| Medicaid Waiver | 282,044 |
| Personal care | 100,797 |
| FEMA | 11,654 |
| Right From The Start | 18,155 |
| MTM Transporation | 397,143 |
| Other Support | 59,912 |
| In-kind expense | <u>339,004</u> |
| Total operating expenses | <u>2,141,826</u> |

Operating support and revenue less operating expenses (106,376)

NON OPERATING SUPPORT (EXPENSES):

| | |
|------------------------------------------|---------------|
| Litigation -- accounts payable write off | 44,570 |
| Capitalized equipment | <u>13,625</u> |
| Change in net assets | (48,181) |

Net assets beginning of year 88,477

Net assets end of year \$ 40,295

The accompanying notes are an integral part of these financial statements.

EnAct, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2016

| | |
|---------------------------------------------------------------------------------------------|------------------|
| Cash flows from operating activities: | |
| Change in net assets | \$ (48,181) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 20,121 |
| (Increase) decrease in assets: | |
| Accounts and grants receivable | 16,285 |
| Prepaid expenses | (974) |
| Other current assets | 408 |
| Increase (decrease) in liabilities: | |
| Accounts payable -- old accounts written off | (44,570) |
| Accounts payable | 24,025 |
| Accrued taxes and withholdings | (134) |
| Accrued wages and compensated absences | 364 |
| Deferred revenue | <u>1,621</u> |
| Net cash used by operating activities | <u>(31,035)</u> |
| Cash flows from financing activities: | |
| Bank line of credit | 6,224 |
| Payments on long-term loan payable | (10,386) |
| Proceeds from long-term loan payable | <u>38,963</u> |
| Net cash provided by financing activities | <u>34,801</u> |
| Cash flows from investing activities: | |
| Purchases of property and equipment | <u>(52,588)</u> |
| Net cash used by investing activities | <u>(52,588)</u> |
| Net decrease in cash and cash equivalents | (48,822) |
| Cash and cash equivalents, beginning of year | <u>63,565</u> |
| Cash and cash equivalents, end of year | <u>\$ 14,743</u> |

The accompanying notes are an integral part of these financial statements.

EnAct, Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2016

NOTE 1. NATURE OF OPERATIONS

EnAct, Inc. (the Agency) is a nonprofit Agency located in Charleston, West Virginia created to identify and address the causes of poverty in Boone, Clay, Fayette, Kanawha and Putnam counties in West Virginia. The Agency serves as the Governor's designee for the Community Action Agency under the West Virginia Governor's Office of Economic Opportunity (WVGEO), to serve the above stated counties. As the Community Action Agency the Agency brings together public and private resources to deliver and co-fund a variety of high quality emergency, maintenance, and developmental services that help people to change their lives and communities.

Programs include the following:

CSGB – COMMUNITY SERVICE BLOCK GRANT

The Agency provides assistance to low-income, disabled and elderly persons through the Community Services Block Grant. The Agency can provide direct payments on qualified, eligible customers' utility bills, housing bills, and in some of our sites eyeglass and prescriptions costs. The Agency also provides funds and donations for baby items to qualified customers. These items can include diapers, baby food, and formula.

MEDICAID WAIVER

In-Home Care services assist the elderly and disabled in their home rather than receive nursing home care. The goals and objectives of in-home care are to provide services to help individuals achieve activities of daily living that are person-centered, promote choice and independence. Our In-Home Care programs include Medicaid Aged and Disabled Waiver, Personal Care, United Mine Workers Respite and Private Pay. The Agency is committed to assisting clients to achieve their goals more effectively and efficiently using best practice service planning and delivery. Case Management Services include:

- Referral and access
- Assessment and service planning
- Implementation of services
- Coordination and maintenance
- Client advocacy including linkage to services, appeals and conflict resolution

RFTS – RIGHT FROM THE START

Right from The Start (RFTS) is a home visitation program that provides education, service coordination, and support for low-income pregnant women and children up to age one in Kanawha County. Home visits and telephone calls are made by the Agency's staff to maintain contact and support.

Service coordination is provided by making sure families have the things they need and linking them to community agencies in their area. Education is provided through the Partners for a Healthy Baby curriculum and DVDs. All education materials are provided from the program.

EMPLOYMENT ASSISTANCE

The Agency's offices in Chesapeake and Clendenin serve as Work Force West Virginia satellite sites where representatives from the Regional Workforce Investment Boards, Bureau of Employment Programs, and the Work Force West Virginia Centers work with the Agency's staff to schedule clients for needs assessments, job referrals, job training and job placement.

EMERGENCY FOOD PANTRIES

The Agency operates emergency food pantries throughout its entire service area. Staff distributes USDA commodities and supplemental foodstuffs to qualified clients to assist clients in meeting their daily nutritional requirements. Garden seeds are available in growing season to qualified individuals in the spring to supplement their nutritional needs. Staff partner with local agencies to instruct and provide informational pamphlets on how to can and freeze vegetables

NON-EMERGENCY MEDICAL TRANSPORTATION

The Agency has partnered with Medical Transportation Management (MTM) to provide Non-Emergency Medical Transportation to West Virginia Medicaid eligible participants. Our fleet of vehicles transport individuals daily to and from their doctor appointments. Medicaid eligible participants call MTM at 844-549-8353 to schedule their appointments. MTM in turn contacts the Agency to arrange transportation to and from their appointment.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

EnAct, Inc. prepares and maintains their financial statements and accounts on the accrual basis of accounting.

For purposes of the Statement of Cash Flows, the Agency considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2016.

Property and Equipment

Property and equipment with a cost of \$1,000 or more are capitalized at cost and depreciated over the estimated useful lives of the related assets. The useful lives for the purposes of computing depreciation are:

| | |
|------------------------|--------------|
| Property and equipment | 3 to 5 years |
|------------------------|--------------|

The funding source holds a residual interest in all property and equipment purchased with grantor agency funds whereby, if the Agency ceases to operate under the present grant agreements certain obligations relating to the use of such items exist, including potential return of the respective assets to the grantor agency or proceeds received from the sale of such respective items.

Accounts and Grants Receivable

The Agency provides service programs for eligible individuals requiring in-home health related services. These services are reimbursable by Medicaid based on prospectively determined per diem rates.

Services billed by the agency are subject to adjustment by Medicaid. Adjustments, if any, are recorded when they are identified. Therefore, client service receivables included in accounts receivable are reported at estimated net realizable value of \$39,640.

Permanently Restricted Net Assets

Permanently restricted net assets are comprised of funds whose use have been restricted by the donor and must be maintained permanently by the Agency. The Agency currently has no permanently restricted net assets.

Temporarily Restricted Net Assets

The temporarily restricted category is comprised of funds whose use has been limited by donors to a specific time period and/or purpose. The Agency currently has no temporarily restricted net assets.

Unrestricted Net Assets

Unrestricted net assets are comprised of funds whose use is limited only to the extent that the Agency's by-laws limit the activities of the Agency. Contributions with donor-imposed restrictions that are met in the same year in which the contribution is recognized are reported as changes in unrestricted net assets.

Deferred Revenue

Deferred revenue consists of cost reimbursement grants received by the Agency but not yet expended for qualifying expenses. The Agency currently has \$1,621 in deferred revenue.

Income Tax Status

Under provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of the State of West Virginia, EnAct, Inc. is exempt from taxes on income other than unrelated business income. Since EnAct, Inc. had no net unrelated business income during the year ended December 31, 2016, no provision for income taxes has been made.

The Agency has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Agency has no material uncertain tax positions to be accounted for in the financial statements under the new rules.

The Agency recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. Management believes that returns filed for years before 2012 are no longer subject to examination.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributed Services, Supplies and Space

Contributions of services are recognized if the services received create or enhance nonfinancial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. Contributed services that are recognized are valued at the estimated cost that would have been incurred by the Agency to purchase similar services. Donated space is valued at the estimated fair rental value. Donations of occupancy costs and other non-inventory items are expensed during the year the contributions are provided. Donated inventory items are initially inventoried and then expenses as used.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2016:

| | |
|-------------------------------|------------------|
| Vehicles | \$ 147,323 |
| Equipment | <u>32,614</u> |
| | 179,937 |
| Less accumulated depreciation | <u>(82,647)</u> |
| Net property and equipment | <u>\$ 97,290</u> |

Additions to property and equipment was \$52,588 for the year ended December 31, 2016.

Depreciation expense charged to operations totaled \$20,121 for the year ended December 31, 2016.

NOTE 4. LOANS PAYABLE

In December 2014 the Agency entered into a loan agreement with a bank to borrow \$18,553. The loan has thirty-six (36) monthly payments of \$570, with an interest rate of 6.64%. In May 2016, the Agency borrowed \$11,520 from a bank. The loan has thirty-six (36) monthly payments of \$345, with an interest rate of 7.99%. In December 2016, the Agency borrowed \$38,963 from a bank. The loan has eighty-four (84) payments of \$547, with an interest rate of 4.51%.

The roll forward of the Agency's notes payable at December 31, 2016 was as follows:

| | <u>12/31/2015</u> | <u>Additions</u> | <u>Payments</u> | <u>12/31/2016</u> | <u>one year</u> |
|--------------|-------------------|------------------|------------------|-------------------|------------------|
| Note payable | \$ 21,688 | | \$ 9,977 | \$ 11,711 | \$ 10,015 |
| Note payable | - | 38,963 | 409 | 38,554 | 4,920 |
| | <u>\$ 21,688</u> | <u>\$ 38,963</u> | <u>\$ 10,386</u> | <u>\$ 50,265</u> | <u>\$ 14,935</u> |

The current maturities of the Agency's notes payable at December 31, 2016 was as follows:

| Year End | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------|------------------|-----------------|------------------|
| 2017 | \$ 14,946 | \$ 2,034 | \$ 16,980 |
| 2018 | 6,862 | 1,432 | 8,294 |
| 2019 | 5,394 | 1,174 | 6,568 |
| 2020 | 5,643 | 925 | 6,568 |
| 2021 | 5,902 | 666 | 6,568 |
| Threere after | <u>11,518</u> | <u>505</u> | <u>12,023</u> |
| | <u>\$ 50,265</u> | <u>\$ 6,736</u> | <u>\$ 57,001</u> |

The Agency has a Bank line-of-credit with an outstanding balance of \$10,000 at December 31, 2016. The Agency borrowed \$13,000 and repaid \$3,000 during the year.

NOTE 5. OPERATING LEASES

The Agency leases facilities under operating lease agreements on an annual and monthly basis. Occupancy expense for the year ended December 31, 2016, was \$67,279

NOTE 6. RISK CONCENTRATIONS

The Agency may occasionally maintain cash in checking accounts and other interest-bearing deposits exceeding Federal Deposit Insurance Corporation (FDIC) coverage. At December 31, 2016, the Agency's deposits did not exceed the FDIC \$250,000 limit.

NOTE 7. MAJOR SOURCE OF REVENUE AND CONTINGENT LIABILITIES

The Agency's programs are generally funded from federal and state sources, principal of which are programs of the U.S. Department of Labor. Federal and state grants received for specific purposes are subject to audit and review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, to be immaterial.

NOTE 8. MONITORINGS

The Agency continues to be monitored by the West Virginia Governor's Office of Economic Opportunity (WVGEO).

The current management and the Board of Directors are continuing to pursue viable and sustainable programs from other funding sources. The Agency was awarded the Community Services Block Grant (CSGB) in January 2017.

NOTE 9. WRITE – OFF OF OLD ACCOUNTS PAYABLE

In June 2010 the Weatherization Program was defunded and taken over by the West Virginia Office of Economic Opportunity (WVOEO). As a result of this action the Agency had outstanding accounts payable that related to the Weatherization Program of approximately \$186,000. The Agency wrote off approximately \$141,000 in 2015. During the year the Agency, after council with their attorneys, determined that the statute of limitations had expired for payment of the remaining accounts payable. Based on this determination the Agency wrote off the remaining outstanding accounts payable of approximately \$44,570.

NOTE 10. FUNCTIONAL EXPENSES

The Agency's functional expenses for the year ended December 31, 2016 were as follows:

| | <u>Program Services</u> | <u>General and Administrative</u> | <u>Total</u> |
|-------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------|-----------------------------|
| Salary and wages | \$ 526,969 | \$ 521,703 | \$ 1,048,672 |
| Payroll taxes and fringes | 85,958 | 100,884 | 186,842 |
| Insurance | 28,498 | - | 28,498 |
| Contractual services | 100,132 | 589 | 100,721 |
| Travel | 71,296 | 1,072 | 72,368 |
| Occupancy - space | 67,279 | - | 67,279 |
| Program costs | 72,299 | 22,276 | 94,575 |
| Utilities | 78,751 | - | 78,751 |
| Administration | 33,763 | 5,377 | 39,140 |
| Equipment | 29,254 | 14,609 | 43,863 |
| Supplies | 20,885 | 1,107 | 21,992 |
| Depreciation | 5,241 | 14,880 | 20,121 |
| In-kind expense | - | 339,004 | 339,004 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total expenses included in the expense section on the statement of activities | <u>\$ 1,120,325</u> | <u>\$ 1,021,501</u> | <u>\$ 2,141,826</u> |

NOTE 11. SUBSEQUENT EVENTS

Management has considered all subsequent events through the date the financial statements were made available.

SUPPLEMENTARY INFORMATION

EnAct, Inc.

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2016

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Pass-Through Entity Identification Number</u> | <u>CFDA Number</u> | <u>Expenditures</u> |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|------------------------|---------------------|
| U.S. Department of Health and Human Services | | | |
| Passed-through West Virginia Governor's Office of Economic Opportunity | | | |
| Community Services Block Grant | 15CSBG-D06 | 93.569 | \$ 2,805 |
| Community Services Block Grant | 14CSBG-DT08 | 93.569 | 7,817 |
| Community Services Block Grant | 16CSBG-D06 | 93.569 | 5,481 |
| Community Services Block Grant | 15CSBG-D13 | 93.569 | 34,468 |
| Community Services Block Grant | 15CSBG-F08 | 93.569 | 882,547 |
| Total U.S Department of Helath and Human Services | | | <u>933,118</u> |
| U.S. Department of Homeland Security | | | |
| Passed-through Department of Military Affairs and Public Safety Division of Homeland Security and Emergency Management | | | |
| Emergency Food & Shelter Program | Not Available | 97.024 | 11,654 |
| Passed-through United Way | | | |
| Emergency Food & Shelter | Not Available | 97.024 | 5,937 |
| Total U.S. Department of Homeland Security | | | <u>17,591</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 950,709</u> |

See Notes to the Schedule of Expenditures of Federal Awards.

EnAct, Inc.

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the EnAct, Inc. 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*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of, the basic financial.

NOTE 2. 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 allowed or are limited as to reimbursement. The Agency uses a cost allocation plan approved by the funding agency that awarded the Community Services Block Grant.

EnAct, Inc.

Schedule of Support, Revenue and Expenditures

For the Year Ended December 31, 2016

| <u>Program Title</u> | <u>Community Services Block Grant</u> | <u>Community Services Block Grant</u> | <u>Medicaid Waiver</u> | <u>Personal Care</u> |
|-----------------------------------------|-----------------------------------------------|-----------------------------------------------|----------------------------|--------------------------|
| Support and revenue | | | | |
| Federal program revenue | \$ 882,547 | \$ 50,570 | \$ - | \$ - |
| Net client service revenue | - | - | 281,650 | 100,588 |
| Transportation | - | - | - | - |
| Local grant income | - | - | - | - |
| FEMA funds -- local | - | - | - | - |
| Utility partnerships | - | - | - | - |
| Private pay | - | - | 394 | 209 |
| Donations | - | - | - | - |
| Fund raisers | - | - | - | - |
| Other income | - | - | - | - |
| in-kind revenue | - | - | - | - |
| Total support and revenue | <u>882,547</u> | <u>50,570</u> | <u>282,044</u> | <u>100,797</u> |
| Expense | | | | |
| Salary and wages | 529,968 | - | 210,024 | 86,735 |
| Payroll taxes and fringes | 85,959 | - | 49,525 | 9,581 |
| Insurance | 8,222 | - | 1,852 | 291 |
| Contractual services | 67,616 | - | 8,689 | 2,362 |
| Travel | 11,449 | 5,306 | 3,949 | 182 |
| Occupancy - space | 62,949 | - | 3,463 | - |
| Program costs | 34,128 | 38,086 | 86 | - |
| Utilities | 42,510 | - | 1,586 | 832 |
| Administration | 21,243 | 4,003 | 1,925 | 65 |
| Equipment | 4,168 | 2,394 | 582 | 48 |
| Supplies | 14,335 | 781 | 363 | 701 |
| Depreciation | - | - | - | - |
| In-kind expense | - | - | - | - |
| Total expenses | <u>882,547</u> | <u>50,570</u> | <u>282,044</u> | <u>100,797</u> |
| Total support and revenue less expenses | - | - | - | - |
| Write-off of old accounts payable | - | - | - | - |
| Capitalized equipment | - | - | - | - |
| Increase (Decrease) in net assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

EnAct, Inc.

Schedule of Support, Revenue and Expenditures (continued)

For the Year Ended December 31, 2016

| <u>Program Title</u> | <u>FEMA</u> | <u>Right from The Start</u> | <u>MTM Transportation</u> | <u>Other Support</u> | <u>Totals</u> |
|-----------------------------------------|---------------|---------------------------------|-------------------------------|--------------------------|--------------------|
| Support and revenue | | | | | |
| Federal program revenue | \$ 11,654 | \$ - | \$ - | \$ - | \$ 944,771 |
| Net client service revenue | - | 13,257 | - | - | 395,495 |
| Transportation | - | - | 265,777 | - | 265,777 |
| Local grant income | - | 5,000 | - | 40,000 | 45,000 |
| FEMA funds -- local | - | - | - | 5,938 | 5,938 |
| Utility partnerships | - | - | - | 665 | 665 |
| Private pay | - | - | - | - | 603 |
| Donations | - | - | - | 12,710 | 12,710 |
| Fund raisers | - | - | - | 4,931 | 4,931 |
| Other income | - | - | - | 20,558 | 20,558 |
| in-kind revenue | - | - | - | 339,004 | 339,004 |
| Total support and revenue | <u>11,654</u> | <u>18,257</u> | <u>265,777</u> | <u>423,805</u> | <u>2,035,450</u> |
| Expense | | | | | |
| Salary and wages | 9,493 | 3,614 | 208,836 | - | 1,048,670 |
| Payroll taxes and fringes | - | 3,198 | 38,581 | - | 186,844 |
| Insurance | - | 1,072 | 17,061 | - | 28,498 |
| Contractual services | - | 6,321 | 15,143 | 589 | 100,720 |
| Travel | - | 131 | 50,279 | 1,072 | 72,368 |
| Occupancy - space | - | 866 | - | - | 67,278 |
| Program costs | - | - | - | 22,276 | 94,576 |
| Utilities | - | 1,264 | 32,559 | - | 78,751 |
| Administration | - | 631 | 5,895 | 5,377 | 39,139 |
| Equipment | 1,750 | 247 | 20,066 | 14,609 | 43,864 |
| Supplies | 411 | 811 | 3,482 | 1,109 | 21,993 |
| Depreciation | - | - | 5,241 | 14,880 | 20,121 |
| In-kind expense | - | - | - | 339,004 | 339,004 |
| Total expenses | <u>11,654</u> | <u>18,155</u> | <u>397,143</u> | <u>398,916</u> | <u>2,141,826</u> |
| Total support and revenue less expenses | - | 102 | (131,367) | 24,889 | (106,376) |
| Write-off of old accounts payable | - | - | - | 44,570 | 44,570 |
| Capitalized equipment | - | - | - | 13,625 | 13,625 |
| Increase (Decrease) in net assets | <u>\$ -</u> | <u>\$ 102</u> | <u>\$ (131,367)</u> | <u>\$ 83,084</u> | <u>\$ (48,181)</u> |

The accompanying notes are an integral part of these financial statements.

Enact, Inc.

Schedule of Grant Support, Revenue and Expenditures Compared to Grant Budget

For the Year Ended December 31, 2016

| | <u>Actual</u> | <u>Budget</u> | <u>(Over) Under Budget</u> |
|----------------------------------------------------|----------------|----------------|--------------------------------|
| Changes in unrestricted net assets | | | |
| Support and revenue | | | |
| State/Pass-through | \$ 933,118 | \$ 909,236 | \$ 23,882 |
| Total support and revenue | <u>933,118</u> | <u>909,236</u> | <u>23,882</u> |
| | | | |
| Salary and wages | 529,969 | 483,530 | 46,439 |
| Payroll taxes and fringes | 85,958 | 81,001 | 4,957 |
| Equipment | 4,471 | 10,663 | (6,192) |
| Contractual services | 67,616 | 68,850 | (1,234) |
| Travel | 16,755 | 26,145 | (9,390) |
| Occupancy - space | 62,949 | 61,946 | 1,003 |
| Program costs | 72,214 | 92,000 | (19,786) |
| Utilities | 42,510 | 40,070 | 2,440 |
| Supplies | 15,117 | 9,477 | 5,640 |
| Other | 35,559 | 35,554 | 5 |
| Total expenses | <u>933,118</u> | <u>909,236</u> | <u>23,882</u> |
| Total support and revenue over expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**REPORTS ON INTERNAL CONTROL AND ON
COMPLIANCE AND OTHER MATTERS**

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

To the Board of Directors
EnAct, Inc.
Charleston, West 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 financial statements of EnAct, Inc., West Virginia (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered EnAct, Inc.'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of EnAct, Inc. 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. 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 EnAct, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



David L. Howell, CPA
Cabin Creek, West Virginia
April 28, 2017

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

To the Board of Directors
EnAct, Inc.
Charleston, West Virginia

Report on Compliance for Each Major Federal Program

We have audited EnAct, Inc., West Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of EnAct, Inc.'s major federal programs for the year ended December 31, 2016. EnAct, Inc.'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of EnAct, Inc.'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 the major federal program occurred. An audit includes examining, on a test basis, evidence about EnAct, Inc.'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 EnAct, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, EnAct, Inc. 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 December 31, 2016.

Report on Internal Control Over Compliance

Management of EnAct, Inc. 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 EnAct, Inc.'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 EnAct, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "David L. Howell, CPA". The signature is written in a cursive style.

David I. Howell, CPA
Cabin Creek, West Virginia
April 28, 2017

EnAct, Inc.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2016

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued; Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

Non compliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that is/are not considered to be material weakness(es)? Yes None Reported

Type of auditors’ report issued on compliance for major programs; Unmodified

Any audit findings disclosed that are required to be Reported: Yes No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|-------------------------------------------|
| 93.569 | Community Services Block Grant |

Dollar threshold used to distinguish between Type A and Type B Program: \$ 750,000

Auditee qualified as a low-risk auditee? Yes No

Enact, Inc.

Schedule of Findings and Questioned Costs -- continued

For the Year Ended December 31, 2016

Section II – Financial Statement Findings

There are no findings or questioned costs reported.

Section III – Federal Award Findings and Questioned Costs

There are no findings or questioned costs reported.

Section IV – Corrective Action Plan

None required.

Section V – Summary Schedule of Prior Audit Findings

There were no findings reported in prior year.