

CROWLEY'S RIDGE DEVELOPMENT COUNCIL, INC.

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT

APRIL 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Crowley's Ridge Development Council, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Crowley's Ridge Development Council, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of April 30, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Crowley's Ridge Development Council, Inc. as of April 30, 2018, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 11-12, program schedules on pages 13-23, schedule of state awards on page 25, and schedule of units of service on page 26 are presented for purposes of additional analysis and are not required parts of the consolidated financial statements. The accompanying schedule of expenditures of federal awards on page 24, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also 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 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2018, on our consideration of Crowley's Ridge Development Council, 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 Crowley's Ridge Development Council, Inc.'s internal control over financial reporting and compliance.

Craft, Veach & Company

Craft, Veach & Company, PLC
North Little Rock, Arkansas
August 13, 2018

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 1,224,778
Accounts Receivable	1,057,926
Inventories	5,666
Prepaid Expenses	63,090
Total Current Assets	<u>2,351,460</u>

Noncurrent Assets:

Long-term Investments	116,879
Other Accounts Receivable	24,786
Investments in JLP	19,876
Total Noncurrent Assets	<u>161,541</u>

Property and Equipment, at Cost:

Land	404,349
Buildings and Leasehold Improvements	6,964,566
Machinery and Equipment	2,203,656
Capital Work-In-Progress	643,411
	<u>10,215,982</u>
Accumulated Depreciation	<u>(4,988,359)</u>
Total Property and Equipment, Net of Depreciation	<u>5,227,623</u>

TOTAL ASSETS

7,740,624

LIABILITIES AND NET ASSETS

Current Liabilities:

Current Portion of Long-term Debt	517,660
Accounts Payable	132,641
Accrued Expenses	336,552
Deferred Revenue	15,013
Total Current Liabilities	<u>1,001,866</u>

Long-term Debt, Less Current Portion

3,054,531

TOTAL LIABILITIES

4,056,397

Unrestricted Net Assets

3,684,227

TOTAL NET ASSETS

3,684,227

TOTAL LIABILITIES AND NET ASSETS

\$ 7,740,624

REVENUES, GAINS AND OTHER SUPPORT	
Fees, Grants and Federal Awards	\$ 6,996,094
Public Support	108,586
Program Service Fees	1,276,822
In-Kind Contributions	77,895
Interest Income	1,366
Miscellaneous Income	392,373
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>8,853,136</u>
EXPENSES	
Program Services	8,048,542
Management and General	323,660
TOTAL EXPENSES	<u>8,372,202</u>
CHANGE IN UNRESTRICTED NET ASSETS	480,934
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>3,203,293</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 3,684,227</u>

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in unrestricted net assets	\$ 480,934
Items not requiring (providing) operating activities cash flows:	
Depreciation	238,082
Gain on disposal of assets	22,000
Changes in:	
Accounts receivable	(229,585)
Inventories	1,589
Prepaid expenses	(32,893)
Accounts payable and accrued expenses	33,043
Deferred revenue	(450,600)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>62,570</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(715,400)
Proceeds from sale of property and equipment	(22,000)
Purchase of investments, net	(508)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(737,908)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on long-term debt	218,185
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>218,185</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(457,153)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,681,931</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,224,778</u>
SUPPLEMENTAL CASH FLOWS INFORMATION:	
Interest paid	<u>\$ 87,137</u>

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*Nature of Operations*

Crowley's Ridge Development Council, Inc. (the "Organization"), is a not-for-profit organization incorporated under Arkansas law in 1969. The Organization, whose mission and principal activities are to provide total family resources for individuals and communities in their achievement of economic, social and interpersonal goals by the provision of temporary assistance in an efficient and nondiscriminatory manner, and to provide education and resources for strengthening the family unit on a long-term basis, operates in certain counties of northeast Arkansas. The Organization's primary sources of funds for operations are grants from the United States Department of Health and Human Services, the United States Department of Energy, and United States Department of Agriculture. The acceptance of these grants requires compliance with prescribed grant conditions and other special requirements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization; Jackson County Housing, Ltd., a not-for-profit entity that provides rental houses to low-income individuals; and Mature Living of Harrisburg, Inc., a not-for-profit entity that provides rental houses to low-income and elderly individuals. The Organization shares a common board of directors with these entities. All significant inter-entity accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At April 30, 2018, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

Investments and Investment Return

Investments, which consist of certificates of deposit, are carried at cost, which approximates fair value. Investment return includes interest income.

Accounts Receivable

Accounts receivable at April 30, 2018, are predominantly due from various governmental agencies for grants and contracts. These receivables are stated at the amounts to be collected from the grantors subsequent to the consolidated statement of financial position date. Due to the nature of the accounts receivable, the Organization does not consider an allowance for doubtful accounts to be necessary.

Other Receivables

Other receivables at April 30, 2018, consist of amounts due to the Organization for services rendered in previous years. Due to the nature of the accounts receivable, the Organization does not consider an allowance for doubtful accounts to be necessary.

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Property acquired with federal and state grants is considered owned by the Organization while used in the program for which it was purchased or in future authorized programs. In addition, the federal and state government has a reversionary interest in the property. The disposition of property purchased with federal and state funds, as well as any proceeds from its sale, is subject to federal and state regulations.

The estimated useful lives of each major depreciable classification of property and equipment are as follows:

Buildings	10-50 years
Leasehold Improvements	5-40 years
Machinery and Equipment	3-10 years

It is the Organization's policy to capitalize all asset purchases that have a unit cost greater than \$5,000. Items with unit costs below this threshold are expensed in the year purchased.

Long-lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended April 30, 2018.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor-stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are assets released from restrictions. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Temporarily and Permanently Restricted Net Assets

The consolidated financial statements are presented in accordance with the FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to the following three classes of net assets:

- Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation.
- Temporarily restricted net assets are those net assets whose use by the Organization has been limited by donors to later periods of time or after specified dates or to specified purposes.
- Permanently restricted net assets are those net assets whose use by the Organization has donor-imposed restrictions that stipulate resources be maintained permanently but may permit the Organization to use up or expend part or all of the income (or economic benefits) derived from the donated assets.

At April 30, 2018, the Organization had no temporarily restricted or permanently restricted net assets.

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of personal services, building space and supplies from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its consolidated financial statements and similarly increase contribution revenue by a like amount. For the year ended April 30, 2018, \$77,895 was received in in-kind contributions.

Deferred Revenue

Revenue from rent paid in advance is deferred and recognized over the periods to which the rents relate. Grant monies received prior to the incurrence of qualifying expenditures are deferred and recognized when revenue recognition criteria are met.

Inventory Pricing

Inventories consist of building materials. Inventories are stated at the lower of cost or market. Costs are determined using the first-in, first-out (FIFO) method.

Government Grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. All grant activities and outlays are subject to audits and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Certain costs have been allocated among the programs and supporting services categories based on square footage and time summaries.

Advertising

It is the Organization's policy to expense advertising costs as they are incurred. For the year ended April 30, 2018, advertising costs of \$45,983 are included in the Other Direct Costs expense line item on the Consolidating Schedule – Statement of Activities Information.

NOTE 2: FIXED ASSETS

Fixed assets consist of the following at April 30, 2018:

	Balance 4/30/17	Increases	Decreases	Balance 4/30/18
Land	\$ 404,349	\$ -	\$ -	\$ 404,349
Buildings	6,964,566	-	-	6,964,566
Equipment	2,165,651	71,989	(33,984)	2,203,656
Capital Work-In-Progress	-	643,411	-	643,411
Total Cost	9,534,566	715,400	(33,984)	10,215,982
Less: Accumulated Depreciation	(4,784,261)	(238,082)	33,984	(4,988,359)
Net Book Value	\$ 4,750,305	\$ 477,318	\$ -	\$ 5,227,623

NOTE 3: LONG-TERM DEBT

Long-term debt at April 30, 2018 consisted of the following:

Note Payable - Due October 17, 2019; payable \$4,937 monthly, including interest at 4.00%; secured by real estate.	\$ 608,078
Note Payable - Due December 15, 2019; payable \$884 monthly, including interest at 5.00%; not secured.	16,904
Note Payable - Due September 19, 2019; payable \$3,575 monthly, including interest at 4.00%; secured by real estate.	278,609
Note Payable - Due April 28, 2019; payable \$4,937 monthly, including interest at 4.00%; secured by real estate.	314,070
Note Payable - Due November 18, 2024; payable \$6,042 monthly, including interest at 5.90%; secured by real estate.	391,955
Note Payable - Due October 1, 2019; payable \$1,067 monthly, including interest at 3.00%; secured by real estate.	17,727
Note Payable - Due July 1, 2033; payable \$1,145 monthly; interest accrues at 1.00% per annum; secured by real estate.	185,785
Note Payable - Due November 19, 2039; annual payments are deferred until November 20, 2019; interest accrues at 1.50% per annum; secured by real estate.	291,000
Note Payable - Due November 19, 2039; annual payments are deferred until November 20, 2019; interest accrues at 1.50% per annum; secured by real estate.	298,000
Note Payable - Due February 28, 2047; payments are deferred until 2 years after the project is completed, including interest at 1.00%; secured by real estate.	1,102,574
Note Payable - Due July 5, 2020; payable \$2,469 monthly, including interest at 5.00%; secured by real estate.	<u>67,489</u>
Total long-term debt	3,572,191
Less: Current portion	<u>(517,660)</u>
Total long-term debt, net of current portion	<u><u>\$ 3,054,531</u></u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

Aggregate annual maturities of long-term debt at April 30, 2018 are as follows:

<u>April 30,</u>	<u>Amount</u>
2019	\$ 517,660
2020	941,091
2021	147,575
2022	147,648
2023	152,005
Thereafter	<u>1,666,212</u>
	<u>\$ 3,572,191</u>

NOTE 4: PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The Organization has a defined contribution pension plan covering substantially all employees. Employees may contribute any percentage beginning the first of the month subsequent to their hire date. Employees are eligible for employer match contributions after one year of employment and are fully vested at that date. For match, an employee can contribute on a sliding scale from 1 percent to 4 percent of their salary. The employer match will be double the employee's contribution percentage with a maximum match percentage of 8 percent. Pension expense was \$47,958 for the year ended April 30, 2018.

NOTE 5: SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

- 1) Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash and cash equivalents. The Organization's cash and cash equivalents are invested with local creditworthy, high quality financial institutions. Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. At April 30, 2018, the Organization's cash accounts, net of adequately secured repurchase agreements, did not exceed federally insured limits.
- 2) The Organization is economically dependent upon revenue provided by the U.S. Department of Agriculture, U.S. Department of Housing and Urban Development, U.S. Department of Transportation, U.S. Department of Health and Human Services, and the U.S. Department of Energy. During the year ended April 30, 2018, approximately 86 percent of the Organization's operating revenue was provided by these departments.

NOTE 6: DATE OF MANAGEMENT'S REVIEW

Management of the Organization has evaluated subsequent events through August 13, 2018, the date on which the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

	Crowley's Ridge Development Council, Inc.	Mature Living HSBG, Inc.	Jackson Ltd. Partnership	Eliminations	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 900,622	\$ 295,128	\$ 29,028	\$ -	\$ 1,224,778
Accounts Receivable	1,066,988	-	-	(9,062)	1,057,926
Inventories	5,666	-	-	-	5,666
Prepaid Expenses	63,090	-	-	-	63,090
Total Current Assets	<u>2,036,366</u>	<u>295,128</u>	<u>29,028</u>	<u>(9,062)</u>	<u>2,351,460</u>
Noncurrent Assets:					
Long-term Investments	48,535	-	68,344	-	116,879
Other Accounts Receivable	24,786	-	-	-	24,786
Intercompany Receivable	30,000	-	-	(30,000)	-
Investments in JLP	-	19,876	-	-	19,876
Total Noncurrent Assets	<u>103,321</u>	<u>19,876</u>	<u>68,344</u>	<u>(30,000)</u>	<u>161,541</u>
Property and Equipment, at Cost:					
Land	318,649	25,000	60,700	-	404,349
Buildings and Leasehold Improvements	6,132,420	183,377	648,769	-	6,964,566
Machinery and Equipment	2,203,656	-	-	-	2,203,656
Capital Work-In-Progress	643,411	-	-	-	643,411
	<u>9,298,136</u>	<u>208,377</u>	<u>709,469</u>	<u>-</u>	<u>10,215,982</u>
Accumulated Depreciation	(4,538,444)	(143,572)	(306,343)	-	(4,988,359)
Total Property and Equipment, Net of Depreciation	<u>4,759,692</u>	<u>64,805</u>	<u>403,126</u>	<u>-</u>	<u>5,227,623</u>
TOTAL ASSETS	<u><u>6,899,379</u></u>	<u><u>379,809</u></u>	<u><u>500,498</u></u>	<u><u>(39,062)</u></u>	<u><u>7,740,624</u></u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Current Portion of Long-term Debt	507,482	-	10,178	-	517,660
Accounts Payable	128,859	425	12,419	(9,062)	132,641
Accrued Expenses	336,321	-	231	-	336,552
Deferred Revenue	8,400	6,613	-	-	15,013
Total Current Liabilities	<u>981,062</u>	<u>7,038</u>	<u>22,828</u>	<u>(9,062)</u>	<u>1,001,866</u>
Long-term Debt	2,743,088	-	311,443	-	3,054,531
Intercompany Payable	-	-	30,000	(30,000)	-
TOTAL LIABILITIES	<u>3,724,150</u>	<u>7,038</u>	<u>364,271</u>	<u>(39,062)</u>	<u>4,056,397</u>
Unrestricted Net Assets	<u>3,175,229</u>	<u>372,771</u>	<u>136,227</u>	<u>-</u>	<u>3,684,227</u>
TOTAL NET ASSETS	<u>3,175,229</u>	<u>372,771</u>	<u>136,227</u>	<u>-</u>	<u>3,684,227</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,899,379</u></u>	<u><u>\$ 379,809</u></u>	<u><u>\$ 500,498</u></u>	<u><u>\$ (39,062)</u></u>	<u><u>\$ 7,740,624</u></u>

	Crowley's Ridge Development Council, Inc.	Mature Living HSBG, Inc.	Jackson Ltd. Partnership	Eliminations	Total
REVENUES, GAINS AND OTHER SUPPORT					
Revenues:					
Fees, Grants and Federal Awards	\$ 6,996,094	\$ -	\$ -	\$ -	\$ 6,996,094
Public Support	108,586	-	-	-	108,586
Program Service Fees	1,334,737	36,373	43,157	(137,445)	1,276,822
In-Kind Contributions	77,895	-	-	-	77,895
Total Revenues	8,517,312	36,373	43,157	(137,445)	8,459,397
Gains and Other Support:					
Interest Income	1,039	-	327	-	1,366
Miscellaneous Income	391,692	-	681	-	392,373
Total Gains and Other Support	392,731	-	1,008	-	393,739
TOTAL REVENUES, GAINS AND OTHER SUPPORT	8,910,043	36,373	44,165	(137,445)	8,853,136
EXPENSES					
Operating Expenses:					
Salaries and Wages	1,656,553	-	9,428	-	1,665,981
Employee Health and Retirement	318,720	-	712	-	319,432
Payroll Taxes and Insurance	266,533	2,267	8,647	-	277,447
Professional Fees	330,698	25	13,393	-	344,116
Travel Expenses	18,733	-	219	-	18,952
Occupancy Expenses	555,201	-	4,879	(137,445)	422,635
Renovations and Improvements	35,482	9,225	6	-	44,713
Energy Crisis and FEMA	2,644,930	-	-	-	2,644,930
Supplies	288,690	-	735	-	289,425
Lease/Purchase of Equipment	294	-	-	-	294
Vehicle Operating Expense	106,648	-	609	-	107,257
Telephone	77,326	-	792	-	78,118
Printing and Copying	11,688	-	4	-	11,692
Training Cost	57,600	-	260	-	57,860
Postage and Freight	30,619	-	39	-	30,658
Raw Food Cost	49,817	-	-	-	49,817
Contracted Meals Cost	1,526,674	-	-	-	1,526,674
Other Direct Costs	125,336	2,465	(18,929)	-	108,872
Indirect Costs	(2,536)	-	977	-	(1,559)
Depreciation	215,374	5,398	17,310	-	238,082
Total Operating Expenses	8,314,380	19,380	39,081	(137,445)	8,235,396
Other Expenses:					
Interest Expense	84,033	-	3,104	-	87,137
Total Other Expenses	84,033	-	3,104	-	87,137
In-Kind Expenditures:					
Salaries and Wages	24,888	-	-	-	24,888
Occupancy	23,639	-	-	-	23,639
Other	1,142	-	-	-	1,142
Total In-Kind Expenditures	49,669	-	-	-	49,669
TOTAL EXPENSES	8,448,082	19,380	42,185	(137,445)	8,372,202
CHANGE IN UNRESTRICTED NET ASSETS	\$ 461,961	\$ 16,993	\$ 1,980	\$ -	\$ 480,934

See independent auditor's report.

	For the Contract Year Ended September 30, 2017		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Community Services Block Grant	\$ 1,119,435	\$ 933,921	\$ 185,514
EXPENDITURES			
Salaries and Wages	586,599	511,075	75,524
Fringe Benefits	217,018	176,761	40,257
Professional Services	19,420	10,652	8,768
Travel	35,708	23,143	12,565
Space Costs	98,004	74,388	23,616
Lease-Purchase Equipment	15,000	15,000	-
Consumable Supplies	57,890	37,081	20,809
Other Office Expenses	89,796	85,821	3,975
TOTAL EXPENDITURES	1,119,435	933,921	185,514
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -

	For the Contract Year Ended June 30, 2017		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Arkansas Energy Office	\$ 259,184	\$ 259,184	\$ -
EXPENDITURES			
Office of Community Services:			
Client Direct Services:			
Agency Installed Material and Labor	81,736	175,686	(93,950)
Off-site Personnel/Salary	30,792	30,792	-
Off-site Personnel/Fringe	11,584	11,584	-
Subtotal Client Direct Services	124,112	218,062	(93,950)
Program Support:			
Transportation	10,322	10,322	-
Tools & Equipment	3,210	3,210	-
On-Site Supervisor Salary	14,496	14,496	-
On-Site Supervisor Fringe	8,246	8,246	-
On-Site Crew Salary	14,621	14,621	-
On-Site Crew Fringe	2,862	2,862	-
Storage of Materials	3,000	3,000	-
Subtotal Program Support	56,757	56,757	-
Other Expenditures:			
Liability Insurance	1,760	1,760	-
Financial Audit	1,200	1,200	-
Health & Safety	33,635	33,635	-
Administration	17,612	17,612	-
T & TA	24,108	24,108	-
Subtotal Other Expenditures	78,315	78,315	-
TOTAL EXPENDITURES	259,184	353,134	(93,950)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ (93,950)	\$ 93,950

	For the Contract Year Ended September 30, 2017		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Arkansas Energy Office	\$ 513,842	\$ 490,850	\$ 22,992
EXPENDITURES			
Office of Community Services:			
Client Direct Services:			
Agency Installed Material and Labor	199,333	188,829	10,504
Off-site Personnel/Salary	62,963	58,766	4,197
Off-site Personnel/Fringe	20,651	19,308	1,343
Advanced Materials	7,276	7,276	-
Subtotal Client Direct Services	290,223	274,179	16,044
Program Support:			
Transportation	12,803	11,607	1,196
Tools & Equipment	2,662	1,695	967
On-Site Supervisor Salary	28,243	27,276	967
On-Site Supervisor Fringe	7,723	6,584	1,139
On-Site Crew Salary	20,591	18,807	1,784
On-Site Crew Fringe	5,558	5,038	520
Storage of Materials	3,000	2,625	375
Subtotal Program Support	80,580	73,632	6,948
Other Expenditures:			
Health & Safety	85,636	85,636	-
Administration	31,021	31,021	-
Capital Intensive	26,382	26,382	-
Subtotal Other Expenditures	143,039	143,039	-
TOTAL EXPENDITURES	513,842	490,850	22,992
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -

	For the Contract Period Ended September 30, 2017		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Arkansas Department of Human Services:			
Winter Regular Assistance	\$ 950,000	\$ 950,000	\$ -
Winter Crisis Assistance	365,000	365,000	-
Winter Crisis Refunded to the State	-	(39,879)	39,879
Winter Administration	175,000	175,000	-
Summer Regular Assistance	874,722	849,722	25,000
Summer Crisis Assistance	443,889	275,000	168,889
Summer Administration	60,446	60,446	-
Assurance 16	138,611	93,242	45,369
Assurance 16 Refunded to the State	-	(776)	776
Interest Earned	-	780	(780)
TOTAL REVENUES	3,007,668	2,728,535	279,133
EXPENDITURES			
Winter Regular Assistance	950,000	814,686	135,314
Winter Crisis Assistance	365,000	315,713	49,287
Winter Administration	175,000	135,676	39,324
Summer Regular Assistance	874,722	985,036	(110,314)
Summer Crisis Assistance	443,889	284,408	159,481
Summer Administration	60,446	99,770	(39,324)
Assurance 16	138,611	92,466	46,145
Interest Paid	-	780	(780)
TOTAL EXPENDITURES	3,007,668	2,728,535	279,133
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -

	Contract Year Ended September 30, 2017		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Child Nutrition Programs	\$ 349,794	\$ 347,372	\$ 2,422
TOTAL REVENUES	<u>349,794</u>	<u>347,372</u>	<u>2,422</u>
EXPENDITURES			
Administrative Labor	37,497	21,352	16,145
Mileage, Meals & Lodging	999	315	684
Office Supplies	200	2,080	(1,880)
Printing	500	137	363
Postage	660	343	317
Telephone	300	229	71
Office Rent & Maintenance	1,000	1,485	(485)
Utilities	140	140	-
Consultant Services	1,300	1,803	(503)
Provider Training	350	431	(81)
Staff Training & Development	-	293	(293)
Insurance	250	579	(329)
Indirect Cost	1,500	3,235	(1,735)
Accounting	1,000	833	167
USDA Reimbursements	304,098	304,098	-
Miscellaneous	-	56	(56)
TOTAL EXPENDITURES	<u>349,794</u>	<u>337,409</u>	<u>12,385</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 9,963</u>	<u>\$ (9,963)</u>

	Contract Year Ended September 30, 2017		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Special Nutrition Program	\$ 1,046,597	\$ 1,063,422	\$ (16,825)
Other	-	160	(160)
TOTAL REVENUES	<u>1,046,597</u>	<u>1,063,582</u>	<u>(16,985)</u>
EXPENDITURES			
Administrative Labor	37,497	64,057	(26,560)
Mileage, Meals & Lodging	1,103	944	159
Office Supplies	1,000	2,760	(1,760)
Telephone	900	688	212
Rent	4,200	4,340	(140)
Utilities	560	560	-
Printing	1,000	412	588
Postage	1,040	1,029	11
Consultant Services	4,700	4,539	161
Provider Training	250	878	(628)
Staff Training	-	565	(565)
Insurance	2,500	1,737	763
Indirect Cost	24,250	9,704	14,546
Accounting	11,000	3,163	7,837
Miscellaneous	-	167	(167)
USDA Reimbursed to Centers	956,597	956,597	-
TOTAL EXPENDITURES	<u>1,046,597</u>	<u>1,052,140</u>	<u>(5,543)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 11,442</u>	<u>\$ (11,442)</u>

	For the Contract Year Ended June 30, 2017		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Bureau of Alcohol & Drug Abuse Prevention	\$ 21,956	\$ 21,956	\$ -
EXPENDITURES			
Salaries	11,314	11,314	-
Fringe	3,205	3,205	-
Maintenance & Operation	3,988	3,988	-
Conference and Travel	1,454	1,454	-
Indirect Costs	1,995	1,995	-
TOTAL EXPENDITURES	21,956	21,956	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -

	For the Contract Year Ended September 30, 2017		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Arkansas State Highway & Transportation Dept.	\$ 89,200	\$ 49,761	\$ 39,439
Match	22,300	6,884	15,416
TOTAL REVENUES	<u>111,500</u>	<u>56,645</u>	<u>54,855</u>
EXPENDITURES			
Arkansas State Highway & Transportation Dept.:			
Salaries & Fringes	55,000	27,740	27,260
Purchase of Service	2,000	1,118	882
Communications	8,000	2,222	5,778
Building Costs	6,500	5,227	1,273
Travel	1,000	1,033	(33)
Supplies/Software	3,000	2,832	168
Dues, Taxes, Fees & Training	15,000	11,760	3,240
Insurance	20,000	10,021	9,979
Office Equipment	1,000	248	752
TOTAL EXPENDITURES	<u>111,500</u>	<u>62,201</u>	<u>49,299</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (5,556)</u>	<u>\$ 5,556</u>

	For the Contract Year Ended September 30, 2017		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Arkansas State Highway & Transportation Dept.	\$ 160,500	\$ 84,396	\$ 76,104
Donations	160,500	84,396	76,104
Fares	20,000	20,289	(289)
TOTAL REVENUES	<u>341,000</u>	<u>189,081</u>	<u>151,919</u>
EXPENDITURES			
Arkansas State Highway & Transportation Dept.:			
Salaries & Fringes	200,000	157,934	42,066
Fuel/Oil	100,000	24,963	75,037
Uniforms	1,000	534	466
Communications	8,500	3,277	5,223
Building Costs	6,000	941	5,059
Travel	500	52	448
Vehicle Maintenance	20,000	547	19,453
Dues, Taxes, Fees & Training	5,000	833	4,167
TOTAL EXPENDITURES	<u>341,000</u>	<u>189,081</u>	<u>151,919</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	For the Contract Year Ended September 30, 2017		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Arkansas State Highway & Transportation Dept.	\$ 10,000	\$ 11,502	\$ (1,502)
Match	2,500	-	2,500
TOTAL REVENUES	<u>12,500</u>	<u>11,502</u>	<u>998</u>
EXPENDITURES			
Arkansas State Highway & Transportation Dept.:			
Preventive Maintenance	<u>12,500</u>	<u>14,377</u>	<u>(1,877)</u>
TOTAL EXPENDITURES	<u>12,500</u>	<u>14,377</u>	<u>(1,877)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (2,875)</u>	<u>\$ 2,875</u>

SUBSTANCE ABUSE PREVENTION PROGRAMS
RESIDENTIAL/OUTPATIENT AND CHEMICAL FREE LIVING
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2018

For the 12-Month Contract Period Ended June 30, 2017

	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Client Room and Board	\$ 36,000	\$ 30,011	\$ 5,989
Mid-South Contract	420,000	578,044	(158,044)
Emergency Shelter Grant	17,004	37,178	(20,174)
Private Pay Fees	42,888	34,555	8,333
Probation Contract	96,084	71,663	24,421
Court Costs and Drug Court Enhancement	12,000	36,948	(24,948)
Arkansas Tobacco Settlement	21,000	500	20,500
Other	-	-	-
	1,200	400	800
TOTAL REVENUES	646,176	789,299	(143,123)
EXPENDITURES			
Salaries and Wages	263,652	328,709	(65,057)
Fringe Benefits	113,328	126,653	(13,325)
Professional Fees	10,596	5,033	5,563
Employee Travel - Out of Area	1,008	225	783
Employee Travel - Per Diem	1,800	531	1,269
Utilities	32,508	35,570	(3,062)
Rent	59,256	62,254	(2,998)
Building Repairs	15,000	62,802	(47,802)
Supplies	10,764	33,664	(22,900)
Equipment	7,596	7,834	(238)
Vehicle Operating Expenses	792	4,422	(3,630)
Equipment Repairs	1,200	1,058	142
Telephone	7,620	8,551	(931)
Copying Expense	3,276	3,211	65
Insurance	21,492	15,411	6,081
Postage	252	173	79
Food Costs	29,004	22,560	6,444
Accounting	11,784	15,205	(3,421)
Indirect Costs	21,876	22,765	(889)
Other Costs	13,236	12,187	1,049
TOTAL EXPENDITURES	626,040	768,818	(142,778)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 20,136	\$ 20,481	\$ (345)
UNITS OF PRODUCTION (UNAUDITED)			
Residential Days			9,474
Outpatient Units - Individual			157
Observational Detox Days			145

Federal Grantor/ CLUSTER NAME/ Program Name/ Pass-through Entity	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures	Outstanding Loan Balance
<u>U.S. Department of Agriculture</u>					
Child and Adult Care Food Program Pass-through from Arkansas Department of Human Services	10.558	FA1, FA2	\$ -	\$ 1,721,510	\$ -
Total U.S. Department of Agriculture			-	1,721,510	-
<u>U.S. Department of Housing and Urban Development</u>					
Emergency Solutions Grant Program Pass-through from Arkansas Department of Human Services	14.231	EGX	-	31,814	-
Home Investment Partnerships Program (TBRA) Pass-through from Arkansas Development Finance Authority	14.239	N/A	-	8,113	-
Home Investment Partnerships Program Pass-through from Arkansas Development Finance Authority	14.239	N/A	-	1,102,574	1,102,574
Section 8 Housing Choice Vouchers	14.871	N/A	-	232,885	-
Total U.S. Department of Housing and Urban Development			-	1,375,386	1,102,574
<u>U.S. Department of Transportation</u>					
HIGHWAY SAFETY CLUSTER					
State and Community Highway Safety Pass-through from Arkansas Highway and Transportation Department	20.600	N/A	-	132,201	-
Total HIGHWAY SAFETY CLUSTER			-	132,201	-
Total U.S. Department of Transportation			-	132,201	-
<u>U.S. Department of Energy</u>					
Weatherization Assistance for Low-Income Persons Pass-through from Arkansas Energy Office	81.042	N/A	-	327,620	-
Total U.S. Department of Energy			-	327,620	-
<u>U.S. Department of Health and Human Services</u>					
Low-Income Home Energy Assistance					
Pass-through from Arkansas Department of Human Services	93.568	F5X	-	3,020,267	-
Pass-through from Arkansas Department of Human Services (Weatherization)	93.568	F5X	-	336,598	-
Community Services Block Grant					
Pass-through from Arkansas Department of Human Services	93.569	F9X	-	829,995	-
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program					
Pass-through from ARCare	93.912	N/A	-	79,687	-
Block Grants for the Prevention and Treatment of Substance Abuse					
Pass-through from UALR MidSOUTH Center for Prevention and Training	93.959	N/A	-	468,289	-
Total U.S. Department of Health and Human Services			-	4,734,836	-
Total Expenditures of Federal Awards			\$ -	\$ 8,291,553	\$ 1,102,574

Notes to the Schedule:

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Crowley's Ridge Development Council, Inc. under programs of the federal government for the year ended April 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 type of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rates

Crowley's Ridge Development Council, Inc. has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note 4. Outstanding Loan Balance

The outstanding loan balance of the HOME program as of April 30, 2018 was \$1,102,574.

<u>State Grantor</u>	
Program Name	Revenues/
Pass-through Entity	Expenditures
<hr/>	
<u>Arkansas Department of Human Services</u>	
State General Revenue	\$ 11,160
Total Arkansas Department of Human Services	<u>11,160</u>
<u>Arkansas Department of Community Corrections</u>	
Transitional Living	1,310
Total Arkansas Department of Community Corrections	<u>1,310</u>
<u>Arkansas Highway and Transportation Department</u>	
Arkansas State Turnback Funds	40,000
Total Arkansas Highway and Transportation Department	<u>40,000</u>
Total	<u>\$ 52,470</u>

Note to the Schedule:

1. Crowley's Ridge Development Council, Inc. earned \$41,112 in Title XIX (Medicaid) revenue on an accrual basis for the year ended April 30, 2018. This amount is included in program service fees revenue in the accompanying consolidated statement of activities. It is not reported on the schedule because funding under this program is not considered to be an award. The instrument for providing this funding, through the state, is considered to be a contract for services. Our opinion on pages 1-2 includes Title XIX (Medicaid) activity.

Payments made to the Organization under the Child & Adult Care Food Program (CACFP) are based on the reported number of meals/supplements served to participants.

Child Care Centers (Contract D109):

<u>Month</u>	<u>Year</u>	<u>Number of Breakfasts</u>	<u>Number of Lunches</u>	<u>Number of Supplements</u>	<u>Number of Suppers</u>
May	2017	20,757	23,230	25,413	639
June	2017	20,491	23,954	23,734	695
July	2017	17,658	20,387	20,079	702
August	2017	21,070	23,652	25,438	801
September	2017	18,296	19,978	23,423	735
October	2017	29,974	31,879	34,914	619
November	2017	26,421	28,308	30,456	501
December	2017	22,407	24,314	25,431	570
January	2018	23,224	25,471	27,384	711
February	2018	27,696	29,916	32,082	650
March	2018	28,257	29,693	32,692	700
April	2018	31,643	34,152	36,442	693
TOTALS		<u>287,894</u>	<u>314,934</u>	<u>337,488</u>	<u>8,016</u>

Day Care Homes (Contract B041):

<u>Month</u>	<u>Year</u>	<u>Number of Breakfasts</u>	<u>Number of Lunches</u>	<u>Number of Supplements</u>	<u>Number of Suppers</u>
May	2017	5,237	5,090	6,892	756
June	2017	5,346	5,791	6,459	730
July	2017	4,397	4,767	5,212	542
August	2017	5,357	5,216	7,031	752
September	2017	5,029	4,612	6,853	744
October	2017	4,796	4,168	6,947	897
November	2017	4,408	3,925	5,870	731
December	2017	4,117	3,804	5,427	593
January	2018	4,358	3,863	5,658	613
February	2018	4,387	3,886	5,817	618
March	2018	4,739	4,386	6,063	629
April	2018	4,443	4,056	5,962	711
TOTALS		<u>56,614</u>	<u>53,564</u>	<u>74,191</u>	<u>8,316</u>



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

To the Board of Directors of
Crowley's Ridge Development Council, Inc.

We have audited, 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, the consolidated financial statements of Crowley's Ridge Development Council, Inc. (a nonprofit organization) which comprise the consolidated statement of financial position as of April 30, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and related notes to the consolidated financial statements, and have issued our report thereon dated August 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Crowley's Ridge Development Council, 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crowley's Ridge Development Council, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Crowley's Ridge Development Council, Inc.'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 consolidated 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 the 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 Crowley's Ridge Development Council, Inc.'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.

Craft, Veach & Company

Craft, Veach & Company, PLC
North Little Rock, Arkansas
August 13, 2018



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

To the Board of Directors of
Crowley's Ridge Development Council, Inc.

Report on Compliance for Each Major Federal Program

We have audited Crowley's Ridge Development Council, Inc.'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 Crowley's Ridge Development Council, Inc.'s major federal programs for the year ended April 30, 2018. Crowley's Ridge Development Council, 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Crowley's Ridge Development Council, 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about Crowley's Ridge Development Council, Inc.'s compliance with those requirements and performing such other procedures as we consider 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 Crowley's Ridge Development Council, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Crowley's Ridge Development Council, 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 April 30, 2018.

Report on Internal Control Over Compliance

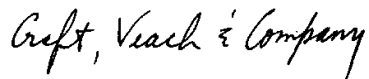
Management of Crowley's Ridge Development Council, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Crowley's Ridge Development Council, 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 Crowley's Ridge Development Council, 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.

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.



Craft, Veach & Company, PLC
North Little Rock, Arkansas
August 13, 2018

SUMMARY OF AUDITOR'S RESULTS:

CONSOLIDATED FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> Yes	<u> X</u> No	
Significant deficiency(ies) identified not considered to be a material weakness(es)?	<u> </u> Yes	<u> X</u> None reported	
Noncompliance material to consolidated financial statements noted?	<u> </u> Yes	<u> X</u> No	

FEDERAL AWARDS

Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> Yes	<u> X</u> No	
Significant deficiency(ies) identified not considered to be a material weakness(es)?	<u> </u> Yes	<u> X</u> None reported	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<u> </u> Yes	<u> X</u> None reported	

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Child and Adult Care Food Program	10.558
Home Investment Partnerships Program	14.239
Community Services Block Grant	93.569
Block Grants for the Prevention and Treatment of Substance Abuse	93.959

Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>		
Dollar threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance:	<u>\$750,000</u>		
Organization qualified as a low-risk auditee as that term is defined in the Uniform Guidance?	<u> X</u> Yes	<u> </u> No	

Findings required to be reported by *Government Auditing Standards*

Reference

Number Finding

None

Findings required to be reported by the Uniform Guidance

Reference

Number Finding

Questioned Costs

None

Findings required to be reported by *Government Auditing Standards*

Reference Number	Finding	Status
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None

Findings required to be reported by the Uniform Guidance

Reference Number	Finding	Status
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None