

CROWLEY'S RIDGE DEVELOPMENT COUNCIL, INC.

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

APRIL 30, 2017

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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, 2017, 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, 2017, 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.

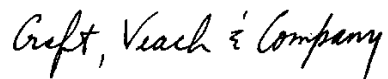
Other Matters

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 15, 2017, 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, PLC
North Little Rock, Arkansas
August 15, 2017

APRIL 30, 2017

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 1,681,931
Accounts Receivable	828,341
Inventories	7,255
Prepaid Expenses	30,197
Total Current Assets	<u>2,547,724</u>

Noncurrent Assets:

Long-term Investments	116,371
Other Accounts Receivable	24,786
Investments in JLP	19,876
Total Noncurrent Assets	<u>161,033</u>

Property and Equipment, at Cost:

Land	404,349
Buildings and Leasehold Improvements	6,964,566
Machinery and Equipment	2,165,651
	<u>9,534,566</u>
Accumulated Depreciation	(4,784,261)
Total Property and Equipment, Net of Depreciation	<u>4,750,305</u>

TOTAL ASSETS**7,459,062****LIABILITIES AND NET ASSETS**

Current Liabilities:

Current Portion of Long-term Debt	296,241
Accounts Payable	143,309
Accrued Expenses	292,841
Deferred Revenue	465,613
Total Current Liabilities	<u>1,198,004</u>

Long-term Debt, Less Current Portion

3,057,765**TOTAL LIABILITIES****4,255,769**

Unrestricted Net Assets

3,202,373

Temporarily Restricted

920**TOTAL NET ASSETS****3,203,293****TOTAL LIABILITIES AND NET ASSETS****\$ 7,459,062**

REVENUES, GAINS AND OTHER SUPPORT	
Fees, Grants and Federal Awards	\$ 6,435,634
Contributions	30
Public Support	55,369
Program Service Fees	1,276,714
In-Kind Contributions	24,828
Interest Income	795
Miscellaneous Income	65,216
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>7,858,586</u>
EXPENSES	
Program Services	7,685,866
Management and General	314,687
TOTAL EXPENSES	<u>8,000,553</u>
CHANGE IN UNRESTRICTED NET ASSETS	(141,967)
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>3,345,260</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 3,203,293</u>

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in unrestricted net assets	\$ (141,967)
Items not requiring (providing) operating activities cash flows:	
Depreciation	213,379
Changes in:	
Accounts receivable	(83,955)
Inventories	(6,831)
Prepaid expenses	71,773
Accounts payable and accrued expenses	163,965
Deferred revenue	455,527
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>671,891</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	(711,095)
Purchase of investments, net	(20,116)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(731,211)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on long-term debt	363,838
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>363,838</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 304,518

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 1,377,413

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 1,681,931

SUPPLEMENTAL CASH FLOWS INFORMATION:

Interest paid \$ 98,279

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, 2017, 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, 2017, 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, 2017, 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, 2017.

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, 2017, the Organization had \$920 of temporarily restricted net assets and \$0 of 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, 2017, \$24,828 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, 2017, advertising costs of \$83,452 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, 2017:

	Balance 4/30/16	Increases	Decreases	Balance 4/30/17
Land	\$ 404,349	\$ -	\$ -	\$ 404,349
Buildings	6,314,567	649,999	-	6,964,566
Equipment	2,104,555	61,096	-	2,165,651
Total Cost	8,823,471	711,095	-	9,534,566
Less: Accumulated Depreciation	(4,570,882)	(213,379)	-	(4,784,261)
Net Book Value	<u>\$ 4,252,589</u>	<u>\$ 497,716</u>	<u>\$ -</u>	<u>\$ 4,750,305</u>

NOTE 3: LONG-TERM DEBT

Long-term debt at April 30, 2017 consisted of the following:

Note Payable - Due October 17, 2019; payable \$4,937 monthly, including interest at 4.00%; secured by real estate.	\$ 657,146
Note Payable - Due January 15, 2018; payable \$1,974 monthly, including interest at 4.25%; secured by real estate.	62,297
Note Payable - Due September 15, 2017; payable \$857 monthly, including interest at 5.40%; secured by real estate.	23,566
Note Payable - Due September 19, 2019; payable \$3,575 monthly, including interest at 4.00%; secured by real estate.	309,494
Note Payable - Due April 28, 2019; payable \$4,937 monthly, including interest at 4.00%; secured by real estate.	359,661
Note Payable - Due November 18, 2024; payable \$6,042 monthly, including interest at 5.90%; secured by real estate.	439,828
Note Payable - Due October 1, 2019; payable \$1,067 monthly, including interest at 3.00%; secured by real estate.	29,802
Note Payable - Due July 1, 2033; payable \$1,145 monthly; interest accrues at 1.00% per annum; secured by real estate.	196,443
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.	650,000
Note Payable - Due January 25, 2020; payable \$1,215 monthly, including interest at 8.00%; secured by real estate.	36,769
Total long-term debt	<u>3,354,006</u>
Less: Current portion	<u>(296,241)</u>
Total long-term debt, net of current portion	<u><u>\$ 3,057,765</u></u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

Aggregate annual maturities of long-term debt at April 30, 2017 are as follows:

<u>April 30,</u>	<u>Amount</u>
2018	\$ 296,241
2019	492,428
2020	914,894
2021	96,296
2022	99,952
Thereafter	<u>1,454,195</u>
	<u>\$ 3,354,006</u>

NOTE 4: PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The Organization has a defined contribution pension plan covering substantially all employees. Employees are eligible after one year of employment and are fully vested at the date of eligibility. For employees hired prior to October 1, 2003, the Organization matches 8 percent of annual gross salary if the employee contributes 4 percent of salary. If the employee does not contribute the required amount, no contribution is made by the Organization. Pension expense was \$52,041 for the year ended April 30, 2017.

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, 2017, 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 United States Department of Agriculture, United States Department of Health and Human Services, and the United States Department of Energy. During the year ended April 30, 2017, approximately 79 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 15, 2017, 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	\$ 1,368,922	\$ 269,448	\$ 43,561	\$ -	\$ 1,681,931
Accounts Receivable	834,607	-	-	(6,266)	828,341
Inventories	7,255	-	-	-	7,255
Prepaid Expenses	30,197	-	-	-	30,197
Total Current Assets	<u>2,240,981</u>	<u>269,448</u>	<u>43,561</u>	<u>(6,266)</u>	<u>2,547,724</u>
Noncurrent Assets:					
Long-term Investments	48,293	-	68,078	-	116,371
Other Accounts Receivable	24,786	-	-	-	24,786
Intercompany Receivable	30,000	-	-	(30,000)	-
Investments in JLP	-	19,876	-	-	19,876
Total Noncurrent Assets	<u>103,079</u>	<u>19,876</u>	<u>68,078</u>	<u>(30,000)</u>	<u>161,033</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	2,165,651	-	-	-	2,165,651
	<u>8,616,720</u>	<u>208,377</u>	<u>709,469</u>	<u>-</u>	<u>9,534,566</u>
Accumulated Depreciation	(4,357,054)	(138,173)	(289,034)	-	(4,784,261)
Total Property and Equipment, Net of Depreciation	<u>4,259,666</u>	<u>70,204</u>	<u>420,435</u>	<u>-</u>	<u>4,750,305</u>
TOTAL ASSETS	<u>6,603,726</u>	<u>359,528</u>	<u>532,074</u>	<u>(36,266)</u>	<u>7,459,062</u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Current Portion of Long-term Debt	284,099	-	12,142	-	296,241
Accounts Payable	134,927	443	14,205	(6,266)	143,309
Accrued Expenses	273,988	-	18,853	-	292,841
Deferred Revenue	462,306	3,307	-	-	465,613
Total Current Liabilities	<u>1,155,320</u>	<u>3,750</u>	<u>45,200</u>	<u>(6,266)</u>	<u>1,198,004</u>
Long-term Debt	2,735,138	-	322,627	-	3,057,765
Intercompany Payable	-	-	30,000	(30,000)	-
TOTAL LIABILITIES	<u>3,890,458</u>	<u>3,750</u>	<u>397,827</u>	<u>(36,266)</u>	<u>4,255,769</u>
Unrestricted Net Assets	2,713,268	365,289	123,816	-	3,202,373
Temporarily Restricted	-	(9,511)	10,431	-	920
TOTAL NET ASSETS	<u>2,713,268</u>	<u>355,778</u>	<u>134,247</u>	<u>-</u>	<u>3,203,293</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,603,726</u>	<u>\$ 359,528</u>	<u>\$ 532,074</u>	<u>\$ (36,266)</u>	<u>\$ 7,459,062</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	\$ 6,435,634	\$ -	\$ -	\$ -	\$ 6,435,634
Contributions	30	-	-	-	30
Public Support	55,369	-	-	-	55,369
Program Service Fees	1,358,488	-	55,671	(137,445)	1,276,714
In-Kind Contributions	24,828	-	-	-	24,828
Total Revenues	<u>7,874,349</u>	<u>-</u>	<u>55,671</u>	<u>(137,445)</u>	<u>7,792,575</u>
Gains and Other Support:					
Interest Income	784	-	11	-	795
Miscellaneous Income	21,563	43,653	-	-	65,216
Total Gains and Other Support	<u>22,347</u>	<u>43,653</u>	<u>11</u>	<u>-</u>	<u>66,011</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>7,896,696</u>	<u>43,653</u>	<u>55,682</u>	<u>(137,445)</u>	<u>7,858,586</u>
EXPENSES					
Operating Expenses:					
Salaries and Wages	1,706,289	-	6,267	-	1,712,556
Employee Health and Retirement	324,962	-	314	-	325,276
Payroll Taxes and Insurance	303,490	4,108	2,806	-	310,404
Professional Fees	314,303	-	15,457	-	329,760
Travel Expenses	13,815	-	34	-	13,849
Occupancy Expenses	444,874	-	14,294	(137,445)	321,723
Renovations and Improvements	4,063	7,892	-	-	11,955
Energy Crisis and FEMA	2,596,418	-	-	-	2,596,418
Supplies	287,216	1,386	170	-	288,772
Vehicle Operating Expense	97,350	-	242	-	97,592
Telephone	71,657	-	43	-	71,700
Printing and Copying	11,130	-	-	-	11,130
Training Cost	75,596	-	1,066	-	76,662
Postage and Freight	32,270	-	3	-	32,273
Raw Food Cost	43,359	-	-	-	43,359
Contracted Meals Cost	1,212,313	-	-	-	1,212,313
Other Direct Costs	176,443	3,979	21,794	-	202,216
Indirect Costs	2,629	-	400	-	3,029
Depreciation	190,666	5,403	17,310	-	213,379
Total Operating Expenses	<u>7,908,843</u>	<u>22,768</u>	<u>80,200</u>	<u>(137,445)</u>	<u>7,874,366</u>
Other Expenses:					
Interest Expense	94,086	-	4,193	-	98,279
Total Other Expenses	<u>94,086</u>	<u>-</u>	<u>4,193</u>	<u>-</u>	<u>98,279</u>
In-Kind Expenditures:					
Salaries and Wages	15,594	-	-	-	15,594
Occupancy	8,068	-	-	-	8,068
Closing Costs	3,080	-	-	-	3,080
Other	1,166	-	-	-	1,166
Total In-Kind Expenditures	<u>27,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,908</u>
TOTAL EXPENSES	<u>8,030,837</u>	<u>22,768</u>	<u>84,393</u>	<u>(137,445)</u>	<u>8,000,553</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>\$ (134,141)</u>	<u>\$ 20,885</u>	<u>\$ (28,711)</u>	<u>\$ -</u>	<u>\$ (141,967)</u>

See independent auditor's report.

	<u>For the Contract Year Ended September 30, 2016</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/Under Budget</u>
REVENUES			
Community Services Block Grant	\$ 1,123,700	\$ 964,119	\$ 159,581
EXPENDITURES			
Salaries and Wages	570,854	499,568	71,286
Fringe Benefits	205,494	204,842	652
Professional Services	58,411	48,767	9,644
Travel	17,534	9,861	7,673
Space Costs	114,947	112,178	2,769
Lease-Purchase Equipment	29,815	-	29,815
Consumable Supplies	11,309	9,382	1,927
Other Office Expenses	115,336	79,521	35,815
TOTAL EXPENDITURES	<u>1,123,700</u>	<u>964,119</u>	<u>159,581</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	For the Contract Year Ended June 30, 2016		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Arkansas Energy Office	\$ 194,116	\$ 194,116	\$ -
EXPENDITURES			
Office of Community Services:			
Client Direct Services:			
Agency Installed Material and Labor	93,192	93,192	-
Off-site Personnel/Salary	17,140	17,140	-
Off-site Personnel/Fringe	6,898	6,898	-
Subtotal Client Direct Services	117,230	117,230	-
Program Support:			
Transportation	8,340	8,340	-
Tools & Equipment	628	628	-
On-Site Supervisor Salary	11,162	11,162	-
On-Site Supervisor Fringe	18,016	18,016	-
Storage of Materials	1,355	1,355	-
Subtotal Program Support	39,501	39,501	-
Other Expenditures:			
Liability Insurance	1,551	1,551	-
Financial Audit	987	987	-
Health & Safety	10,578	10,578	-
Administration	11,769	11,769	-
T & TA	12,500	12,500	-
Subtotal Other Expenditures	37,385	37,385	-
TOTAL EXPENDITURES	194,116	194,116	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -

	For the Contract Year Ended September 30, 2016		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Arkansas Energy Office	\$ 458,050	\$ 458,050	\$ -
EXPENDITURES			
Office of Community Services:			
Client Direct Services:			
Agency Installed Material and Labor	170,385	170,385	-
Off-site Personnel/Salary	36,043	36,043	-
Off-site Personnel/Fringe	13,824	13,824	-
Subtotal Client Direct Services	220,252	220,252	-
Program Support:			
Transportation	15,700	15,700	-
Tools & Equipment	1,181	1,181	-
On-Site Supervisor Salary	21,190	21,190	-
On-Site Supervisor Fringe	33,736	33,736	-
Storage of Materials	2,550	2,550	-
Subtotal Program Support	74,357	74,357	-
Other Expenditures:			
Health & Safety	66,343	66,343	-
Administration	26,580	26,580	-
Capital Intensive	70,518	70,518	-
Subtotal Other Expenditures	163,441	163,441	-
TOTAL EXPENDITURES	458,050	458,050	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -

	<u>For the Contract Period Ended September 30, 2016</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/Under Budget</u>
REVENUES			
Arkansas Department of Human Services:			
Winter Regular Assistance	\$ 842,881	\$ 842,881	\$ -
Winter Crisis Assistance	406,454	406,454	-
Winter Administration	102,396	102,396	-
Summer Regular Assistance	1,261,196	1,261,196	-
Summer Crisis Assistance	433,735	212,998	220,737
Summer Administration	142,837	142,837	-
Assurance 16	151,629	146,677	4,952
Interest Earned	-	577	(577)
TOTAL REVENUES	<u>3,341,128</u>	<u>3,116,016</u>	<u>225,112</u>
EXPENDITURES			
Winter Regular Assistance	842,881	842,881	-
Winter Crisis Assistance	406,454	406,454	-
Winter Administration	102,396	102,396	-
Summer Regular Assistance	1,261,196	1,028,060	233,136
Summer Crisis Assistance	433,735	333,219	100,516
Summer Administration	142,837	142,837	-
Assurance 16	151,629	146,677	4,952
Interest Paid	-	577	(577)
TOTAL EXPENDITURES	<u>3,341,128</u>	<u>3,003,101</u>	<u>338,027</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 112,915</u>	<u>\$ (112,915)</u>

	Contract Year Ended September 30, 2016		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Child Nutrition Programs	\$ 359,056	\$ 358,648	\$ 408
Donations from Organizations	-	257	(257)
TOTAL REVENUES	<u>359,056</u>	<u>358,905</u>	<u>151</u>
EXPENDITURES			
Administrative Labor	44,821	25,643	19,178
Mileage, Meals & Lodging	256	727	(471)
Office Supplies	100	148	(48)
Printing	100	268	(168)
Postage	100	577	(477)
Telephone	200	531	(331)
Office Rent & Maintenance	500	1,797	(1,297)
Utilities	500	140	360
Consultant Services	75	1,843	(1,768)
Provider Training	100	81	19
Staff Training & Development	100	-	100
Insurance	500	513	(13)
USDA Reimbursements	311,104	311,104	-
Miscellaneous	600	8,354	(7,754)
TOTAL EXPENDITURES	<u>359,056</u>	<u>351,726</u>	<u>7,330</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 7,179</u>	<u>\$ (7,179)</u>

	<u>Contract Year Ended September 30, 2016</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/Under Budget</u>
REVENUES			
Special Nutrition Program	\$ 852,514	\$ 872,907	\$ (20,393)
TOTAL REVENUES	<u>852,514</u>	<u>872,907</u>	<u>(20,393)</u>
EXPENDITURES			
Administrative Labor	44,821	59,833	(15,012)
Mileage, Meals & Lodging	1,129	1,697	(568)
Office Supplies	500	346	154
Telephone	2,000	1,240	760
Rent	3,200	3,320	(120)
Utilities	1,200	1,200	-
Printing	500	626	(126)
Postage	1,000	1,347	(347)
Consultant Services	5,700	4,184	1,516
Provider Training	600	188	412
Staff Training	1,150	-	1,150
Insurance	2,500	1,196	1,304
Miscellaneous	4,700	19,494	(14,794)
USDA Reimbursed to Centers	783,514	783,514	-
TOTAL EXPENDITURES	<u>852,514</u>	<u>878,185</u>	<u>(25,671)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (5,278)</u>	<u>\$ 5,278</u>

	<u>For the Contract Year Ended June 30, 2016</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/Under Budget</u>
REVENUES			
Bureau of Alcohol & Drug Abuse Prevention	\$ 249,840	\$ 249,840	\$ -
EXPENDITURES			
Salaries	126,203	126,203	-
Fringe	41,685	41,685	-
Maintenance & Operation	54,491	54,491	-
Conference and Travel	12,013	12,013	-
Indirect Costs	15,448	15,448	-
TOTAL EXPENDITURES	<u>249,840</u>	<u>249,840</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	For the Contract Year Ended September 30, 2016		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Arkansas State Highway & Transportation Dept.	\$ 89,200	\$ 42,640	\$ 46,560
Match	22,300	-	22,300
TOTAL REVENUES	111,500	42,640	68,860
EXPENDITURES			
Arkansas State Highway & Transportation Dept.:			
Salaries & Fringes	55,000	20,341	34,659
Purchase of Service	2,000	1,615	385
Communications	8,000	4,042	3,958
Building Costs	6,500	5,041	1,459
Travel	1,000	271	729
Supplies/Software	3,000	1,627	1,373
Dues, Taxes, Fees & Training	15,000	8,670	6,330
Insurance	20,000	11,555	8,445
Office Equipment	1,000	138	862
TOTAL EXPENDITURES	111,500	53,300	58,200
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ (10,660)	\$ 10,660

	For the Contract Year Ended September 30, 2016		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Arkansas State Highway & Transportation Dept.	\$ 160,500	\$ 78,273	\$ 82,227
State Turnback Funds	-	40,000	(40,000)
Donations	160,500	40,774	119,726
Fares	20,000	17,333	2,667
TOTAL REVENUES	341,000	176,380	164,620
EXPENDITURES			
Arkansas State Highway & Transportation Dept.:			
Salaries & Fringes	200,000	149,958	50,042
Fuel/Oil	100,000	16,794	83,206
Uniforms	1,000	-	1,000
Communications	8,500	2,832	5,668
Building Costs	6,000	3,030	2,970
Travel	500	-	500
Vehicle Maintenance	20,000	1,094	18,906
Dues, Taxes, Fees & Training	5,000	271	4,729
TOTAL EXPENDITURES	341,000	173,979	167,021
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ 2,401	\$ (2,401)

	For the Contract Year Ended September 30, 2016		
	Budget	Actual	Actual (Over)/Under Budget
REVENUES			
Arkansas State Highway & Transportation Dept.	\$ 18,240	\$ 5,156	\$ 13,084
Match	4,560	-	4,560
TOTAL REVENUES	<u>22,800</u>	<u>5,156</u>	<u>17,644</u>
EXPENDITURES			
Arkansas State Highway & Transportation Dept.:			
Preventive Maintenance	22,800	6,445	16,355
TOTAL EXPENDITURES	<u>22,800</u>	<u>6,445</u>	<u>16,355</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (1,289)</u>	<u>\$ 1,289</u>

**SUBSTANCE ABUSE PREVENTION PROGRAMS
RESIDENTIAL/OUTPATIENT AND CHEMICAL FREE LIVING
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2017**

For the 12-Month Contract Period Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/Under Budget</u>
REVENUES			
Client Room and Board	\$ 12,000	\$ 22,807	\$ (10,807)
Mid-South Contract	450,000	402,743	47,257
Emergency Shelter Grant	16,900	13,788	3,112
Private Pay Fees	42,380	22,467	19,913
Probation Contract	50,000	135,032	(85,032)
Court Costs and Drug Court Enhancement	10,000	9,672	328
Arkansas Tobacco Settlement	20,000	4,570	15,430
Other	15,000	4,350	10,650
	8,000	2,191	5,809
TOTAL REVENUES	<u>624,280</u>	<u>617,620</u>	<u>6,660</u>
EXPENDITURES			
Salaries and Wages	271,000	269,644	1,356
Fringe Benefits	124,644	108,545	16,099
Professional Fees	10,600	4,661	5,939
Employee Travel - Out of Area	500	-	500
Employee Travel - Per Diem	1,000	204	796
Utilities	32,500	31,756	744
Rent	59,250	59,241	9
Building Repairs	5,330	22,069	(16,739)
Supplies	10,552	17,733	(7,181)
Equipment	7,545	4,942	2,603
Vehicle Operating Expenses	2,300	1,263	1,037
Equipment Repairs	1,200	939	261
Telephone	6,880	9,071	(2,191)
Copying Expense	3,020	3,431	(411)
Insurance	19,909	18,288	1,621
Postage	250	265	(15)
Food Costs	46,200	17,838	28,362
Accounting	4,400	5,797	(1,397)
Indirect Costs	8,150	12,031	(3,881)
Other Costs	9,050	14,696	(5,646)
TOTAL EXPENDITURES	<u>624,280</u>	<u>602,414</u>	<u>21,866</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 15,206</u>	<u>\$ (15,206)</u>
UNITS OF PRODUCTION (UNAUDITED)			
Residential Days			7,106
Outpatient Units - Individual			283
Observational Detox Days			92

Federal Grantor/ CLUSTER NAME/ Program Name/ Pass-through Entity	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<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	\$ -	\$ 1,347,474
Total U.S. Department of Agriculture			-	1,347,474
<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, FHX	-	17,784
Total U.S. Department of Housing and Urban Development			-	17,784
<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	-	134,767
Total U.S. Department of Transportation			-	134,767
<u>U.S. Department of Energy</u>				
Weatherization Assistance for Low-Income Persons Pass-through from Arkansas Energy Office	81.042	N/A	-	735,313
Total U.S. Department of Energy			-	735,313
<u>U.S. Department of Education</u>				
Rehabilitation Services - Vocational Rehabilitation Grants to States Pass-through from Arkansas Department of Human Services	84.126	Q2X	-	324
Total U.S. Department of Education			-	324
<u>U.S. Department of Health and Human Services</u>				
Substance Abuse and Mental Health Services Pass-through from Arkansas Department of Human Services	93.243	ZFX	-	10,000
Low-Income Home Energy Assistance Pass-through from Arkansas Department of Human Services	93.568	F5X	-	2,906,098
Community Services Block Grant Pass-through from Arkansas Department of Human Services	93.569	F9X	-	914,091
Block Grants for the Prevention and Treatment of Substance Abuse Pass-through from Arkansas Department of Human Services	93.959	ZPX	-	123,196
Pass-through from UALR MidSOUTH Center for Prevention and Training	93.959	N/A	-	208,041
Total U.S. Department of Health and Human Services			-	4,161,426
Total Expenditures of Federal Awards			\$ -	\$ 6,397,088

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, 2017. 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.

<u>State Grantor</u>		<u>Revenues/ Expenditures</u>
Program Name		
Pass-through Entity		
<u>Arkansas Department of Human Services</u>		
State General Revenue		\$ 35,274
Total Arkansas Department of Human Services		<u>35,274</u>
<u>Arkansas Department of Community Corrections</u>		
Transitional Living		500
Total Arkansas Department of Community Corrections		<u>500</u>
<u>Arkansas Highway and Transportation Department</u>		
Arkansas State Turnback Funds		38,870
Total Arkansas Highway and Transportation Department		<u>38,870</u>
Total		<u><u>\$ 74,644</u></u>

Note to the Schedule:

1. Crowley's Ridge Development Council, Inc. earned \$35,328 in Title XIX (Medicaid) revenue on an accrual basis for the year ended April 30, 2017. 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	2016	14,875	14,109	18,579	867
June	2016	15,683	18,582	17,808	773
July	2016	14,066	16,821	16,433	622
August	2016	16,744	19,310	20,809	725
September	2016	15,969	17,962	20,750	850
October	2016	16,588	18,498	21,149	702
November	2016	15,007	16,910	18,609	612
December	2016	16,859	18,713	20,775	684
January	2017	18,205	19,972	23,056	679
February	2017	18,909	20,522	23,892	606
March	2017	21,276	23,551	26,727	759
April	2017	18,660	20,916	23,599	659
TOTALS		202,841	225,866	252,186	8,538

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	2016	5,237	5,090	6,892	756
June	2016	5,346	5,791	6,459	730
July	2016	4,397	4,767	5,212	542
August	2016	5,357	5,216	7,031	752
September	2016	5,029	4,612	6,853	744
October	2016	5,429	4,994	7,063	583
November	2016	4,897	4,600	6,713	763
December	2016	4,852	4,648	6,271	577
January	2017	5,187	4,723	6,850	790
February	2017	5,199	4,643	6,963	800
March	2017	5,577	5,065	7,297	866
April	2017	5,104	4,404	6,992	981
TOTALS		61,611	58,553	80,596	8,884



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, 2017, 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 15, 2017.

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 15, 2017



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, 2017. 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, 2017.

Report on Internal Control Over Compliance

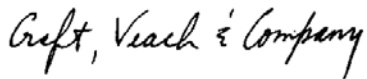
Management of Crowley's Ridge Development Council, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Crowley's Ridge Development 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 15, 2017

SUMMARY OF AUDITOR’S RESULTS:

CONSOLIDATED FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? Yes X No
 Significant deficiency(ies) identified not considered to be
 a material weakness(es)? Yes X None reported

Noncompliance material to consolidated financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over financial reporting:
 Material weakness(es) identified? Yes X No
 Significant deficiency(ies) identified not considered to be
 a material weakness(es)? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with the
 Uniform Guidance? Yes X None reported

Identification of major programs:

Name of Federal Program

	<u>CFDA Number</u>
Weatherization Assistance for Low-Income Persons	81.042
Low-Income Home Energy Assistance	93.568

Type of auditor’s report issued on compliance for major programs: Unmodified

Dollar threshold used to distinguish between Type A and Type B programs as those
 terms are defined in the Uniform Guidance: \$750,000

Organization qualified as a low-risk auditee as that term is defined in the Uniform
 Guidance? X Yes 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