

Community Action Agency of Butte County, Inc.

Financial Statements and Supplementary Information

Years Ended December 31, 2017 and 2016



Community Action Agency of Butte County, Inc.
Helping People. Changing Lives.

WIPFLi^{LLP}
CPAs and Consultants



Independent Auditor's Report

Board of Directors
Community Action Agency of Butte County, Inc.
Chico, California

Report on Financial Statements

We have audited the accompanying financial statements of the Community Action Agency of Butte County, Inc. (the "Agency"), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action Agency of Butte County, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Supplemental Statements of Revenue and Expenditures CSD (State of California Department of Community Services and Development) Contracts are presented for purposes of additional analysis, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

The supplemental schedules are presented for purposes of additional analysis. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the December 31, 2016, financial statements. The information has been subjected to the auditing procedures applied in the audit of those additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the prior year expenses included on the supplementary schedules are fairly presented, in all material respects, in relation to the financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2018, on our consideration of Community Action Agency of Butte County, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Action Agency of Butte County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community Action Agency of Butte County, Inc.'s internal control over financial reporting and compliance.



Wipfli LLP

August 21, 2018
Madison, Wisconsin

Community Action Agency of Butte County, Inc.

Statements of Financial Position

<i>December 31,</i>	2017	2016
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 440,583	\$ 590,925
Grants receivable	475,411	516,286
Accounts receivable	164,163	77,098
Inventories and work in progress	176,550	143,024
Prepaid expenses	84,756	6,075
Total current assets	1,341,463	1,333,408
Other assets:		
Restricted cash - Deposits and trust funds payable	39,532	45,623
Restricted reserve funds - USDA	27,811	27,804
Prepaid expenses	111,168	-
Total other assets	178,511	73,427
Property and equipment, net	2,809,335	2,908,664
TOTAL ASSETS	\$ 4,329,309	\$ 4,315,499
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 395,789	\$ 454,298
Accrued payroll and related	120,721	122,940
Deposits and trust funds payable	39,532	45,623
Commodities inventory - Advanced	24,503	23,715
Deferred revenue	185,908	184,585
Accrued vacation	68,037	82,042
Current portion of long-term debt	23,607	45,034
Total current liabilities	858,097	958,237
Long-term liabilities - Long-term debt	253,946	302,879
Unrestricted net assets	191,051	117,915
Unrestricted - board designated:		
Restricted reserve funds	27,811	27,804
Prepaid lease costs	189,069	-
Property and equipment	2,809,335	2,908,664
Total unrestricted net assets	3,217,266	3,054,383
TOTAL LIABILITIES AND NET ASSETS	\$ 4,329,309	\$ 4,315,499

See accompanying notes to financial statements.

Community Action Agency of Butte County, Inc.

Statements of Activities

<i>Year Ended December 31,</i>	2017	2016
Public support and revenue:		
Contracts and grants - Federal	\$ 2,949,271	\$ 2,778,672
Contracts and grants - Non-federal	1,291,266	1,144,378
Commodities - Federal	593,039	808,461
In-kind	433,157	147,180
Donations	169,349	320,521
Other income	89,726	48,267
Rent	180,758	215,562
Gain from sale of assets	53,315	1,000
Food programs - Other	78,251	108,545
Total public support and revenue	5,838,132	5,572,586
Operating expenses:		
Program expenses:		
Food and nutrition program	1,155,196	1,241,228
Community programs	529,890	482,932
Energy/weatherization	2,737,763	2,799,425
Esplanade House	651,231	517,245
Total program expenses	5,074,080	5,040,830
Management and general expense	601,169	572,994
Total expenses	5,675,249	5,613,824
Change in net assets	162,883	(41,238)
Net assets at beginning	3,054,383	3,095,621
Net assets at end	\$ 3,217,266	\$ 3,054,383

See accompanying notes to financial statements.

Community Action Agency of Butte County, Inc.

Statements of Functional Expenses

<i>Year Ended December 31, 2017</i>	Food and Nutrition	Community	Energy/Wx	Esplanade House	Management and General	Totals
Expenses:						
Salary	\$ 70,043	\$ 289,469	\$ 731,987	\$ 233,372	\$ 359,881	\$ 1,684,752
Payroll taxes and benefits	10,714	53,287	192,253	50,545	68,524	375,323
Professional and contract fees	42,592	121,216	11,841	37,077	38,495	251,221
Insurance and licensing	12,633	770	55,606	21,263	11,852	102,124
Occupancy	29,996	1,881	28,632	28,718	19,248	108,475
Consumable supplies	87,807	1,914	1,104,341	14,906	12,189	1,221,157
Tools and equipment	2,001	13,832	80,986	4,426	3,001	104,246
Training and travel related	1,644	2,398	18,994	6,097	23,503	52,636
Utilities and phone	27,927	5,682	70,008	75,187	18,926	197,730
Depreciation	20,018	7,386	50,470	15,456	45,550	138,880
Direct assistance to clients	593,039	1,500	328,111	-	-	922,650
Vehicle costs	31,495	821	64,534	3,585	-	100,435
Bad debt expense	21,347	(39,267)	-	383	-	(17,537)
In-kind expenses	203,940	69,001	-	160,216	-	433,157
Total expenses	\$ 1,155,196	\$ 529,890	\$ 2,737,763	\$ 651,231	\$ 601,169	\$ 5,675,249

See accompanying notes to financial statements.

Community Action Agency of Butte County, Inc.

Statements of Functional Expenses (Continued)

<i>Year Ended December 31, 2016</i>	Food and Nutrition	Community	Energy/Wx	Esplanade House	Management and General	Totals
Expenses:						
Salary	\$ 54,540	\$ 289,265	\$ 748,158	\$ 208,044	\$ 354,482	\$ 1,654,489
Payroll taxes and benefits	22,281	52,865	248,408	59,364	75,194	458,112
Professional and contract fees	19,655	83,913	-	18,932	35,318	157,818
Insurance and licensing	15,443	150	69,057	16,428	8,758	109,836
Occupancy	24,626	3,670	36,836	24,972	9,343	99,447
Consumable supplies	107,167	13,440	1,159,579	17,646	5,020	1,302,852
Tools and equipment	5,358	22,763	41,559	4,902	3,247	77,829
Training and travel related	5,649	1,950	17,630	2,315	11,925	39,469
Utilities and phone	31,034	2,409	74,020	65,284	14,716	187,463
Depreciation	34,763	11,563	75,441	17,036	41,499	180,302
Direct assistance to clients	808,461	-	276,965	-	-	1,085,426
Vehicle costs	32,191	144	55,353	3,721	4,774	96,183
Miscellaneous	77	800	522	182	-	1,581
Bad debt (recovery) expense	(5,175)	-	(4,103)	16,397	8,718	15,837
In-kind expenses	85,158	-	-	62,022	-	147,180
Total expenses	\$ 1,241,228	\$ 482,932	\$ 2,799,425	\$ 517,245	\$ 572,994	\$ 5,613,824

See accompanying notes to financial statements.

Community Action Agency of Butte County, Inc.

Statements of Cash Flows

<i>For the Year Ended December 31,</i>	2017	2016
<i>(Decrease) increase in cash and cash equivalents:</i>		
Cash flows from operating activities:		
Change in net assets	\$ 162,883	\$ (41,238)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	138,880	180,302
Bad debt expense	21,730	15,837
Recovery of bad debt expense	(62,295)	-
Collection of developer fee receivable	39,267	-
Gain on sale of property and equipment	(53,315)	-
Changes in operating assets and liabilities		
Grants receivable	40,875	(131,717)
Accounts receivable	(108,795)	19,614
Developer fee receivable	23,028	330,164
Inventory and work in progress	(32,738)	29,648
Restricted reserve funds - USDA	(7)	-
Prepaid expenses	(189,849)	2,643
Accounts payable	(58,509)	(30,718)
Accrued payroll and related	(2,219)	(12,992)
Accrued vacation	(14,005)	(9,389)
Deferred revenue	1,323	120,096
Net cash (used in) provided by operating activities	(93,746)	472,250
Cash flows from investing activities:		
Purchase of property and equipment	(39,551)	-
Proceeds from sale of property and equipment	53,315	-
Net cash provided by investing activities	13,764	-
Cash flows from financing activities - Payments on long-term debt	(70,360)	(42,871)
(Decrease) increase in cash and cash equivalents	(150,342)	429,379
Cash and cash equivalents at beginning	590,925	161,546
Cash and cash equivalents at end	\$ 440,583	\$ 590,925

Supplemental schedule of noncash activities:

Change in restricted cash - Deposits and trust funds payable	\$ (6,091)	\$ (3,445)
Cash paid for interest	18,577	22,770

See accompanying notes to financial statements.

Community Action Agency of Butte County, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Community Action Agency of Butte County, Inc. (the "Agency") is a nonprofit corporation dedicated to the promotion of self-sufficiency and the alleviation of poverty. The food and nutrition program offers surplus food distribution and other food bank and emergency services in an six-county region. The energy program provides home weatherization, housing rehabilitation, and utility assistance. The Agency operates a unique facility providing shelter and essential and outpatient services for homeless families seeking self-sufficiency. The Agency also participates in financial literacy education, low-income tax preparation assistance, and Rapid Rehousing. Approximately 45% and 39% of total revenue was provided from the State of California Department of Community Services and Development under Energy/Weatherization programs during 2017 and 2016, respectively.

The Agency owns 79% of CAA North Point Chico LLC. The purpose of North Point LLC is to invest in low-income housing tax credit projects to assist low-to moderate-income families with affordable housing. The Agency's investment in CAA North Point Chico LLC is not recorded on these financial statements as it is immaterial.

Basis of Presentation

The financial statements of the Agency have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

- *Unrestricted net assets* are the net assets of the Agency that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- *Temporarily restricted net assets* are those whose use by the Agency has been limited by donors to a specific time period or purpose. When a restriction is met or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Agency does not currently have any temporarily restricted net assets.
- *Permanently restricted net assets* are those restricted by donors to be maintained by the Agency in perpetuity. Generally, the donors of these assets permit the Agency to use all or a part of the income earned on any related investments for general or specific purposes. The Agency does not currently have any permanently restricted net assets.

Community Action Agency of Butte County, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise to give to the Agency. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as released from restrictions.

Unconditional promises to give are recognized as revenue in the period promised and as assets. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Rental income represents income received from various sources for use of property or space owned by the Agency. This income is recognized in the period in which it is earned.

Food program income represents amounts received from non-Federal sources to supplement the food program. This income is recognized in the period in which it is earned.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expense or asset acquisition is incurred. Amounts received or receivable in excess of expenses or asset acquisition are reflected as grant funds received in advance.

B. Grant Awards That Are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Community Action Agency of Butte County, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

In-Kind Contributions

The Agency has recorded in-kind contributions in the statement of activities in accordance with a financial accounting standards which requires only contributions of services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded.

In accordance with accounting standards, the Agency has recorded in-kind contributions for supplies and professional services in the statement of activities. The accounting standard for in-kind requires that only contributions of service received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The Agency received contributions of nonprofessional volunteers and consultants with an indeterminable value, primarily for its rental housing program, which are not recorded in the statement of activities. Nonprofessional in-kind of \$102,884 during 2017 and \$0 during 2016, is not recorded on the financial statements as it does not meet the criteria for recognition. These amounts consist mainly of nonprofessional volunteer time in the Esplanade House and Food programs.

Cash and Cash Equivalents

The Agency considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Accounts and Developer Fee Receivable

Accounts receivable consist primarily of miscellaneous refunds, fees, and credits. Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. The Agency considers these receivables to be collectible and, therefore, no allowance for uncollectible amounts has been recorded.

Developer fee receivable represents amounts earned but not collected from participation as the developer in the CAA North Point Chico Limited Partnership ("North Point Chico LP"). Management assesses the collectability of these amounts based on projected cash flow of the projects, priority of payment, and past collection history, and an allowance for doubtful accounts is recorded as needed. The receivables are stated at the amount of unpaid earned developer fee reduced by an allowance for expected uncollectible fees of \$279,421 and \$341,716 as of December 31, 2017 and 2016.

Community Action Agency of Butte County, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories and Work in Progress

Materials inventory consists of weatherization materials for use in the Agency's weatherization program. In 2017, the Company adopted Accounting Standard Update (ASU) 2015-11, "Inventory – Simplifying the Measurement of Inventory," which changed how inventory is valued. Inventories as of December 31, 2017 are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The adoption of ASU 2015-11 did not have a material impact on the Organization's financial statements. Weatherization materials are expensed in the accounting period when the unit weatherized is claimed as a completed unit. A completed unit is a dwelling unit, which has received weatherization services within the limits established in the weatherization contract for which the final inspection has been performed and the owner sign-off has been obtained.

Work in progress represents the labor and materials for in progress Weatherization jobs. Work in progress is stated at the lower of cost or net realizable value.

Also included in inventories is the balance of commodity foods inventory. Commodity foods are granted to the Agency from the State of California and then distributed to eligible participants based on program criteria. Inventory on hand at the end of the year is stated at cost to the State of California. The amount of inventory on hand at December 31, 2017, is also reported as an advance in accordance with the revenue recognition policy. Revenue for commodity food on hand is earned when distributed.

Equity Method Investment

The Agency's investment in North Point Chico LP, for which ownership is less than 20%, is recorded on the equity method as the Agency is a general partner or managing member in the partnership. The equity method of investment has been suspended as the investment, including advances and receivables, has been reduced to zero.

Property and Equipment

Property and equipment are capitalized at cost or, if donated, at fair value on the date of donation. Depreciation is provided for using the straight-line method over the estimated useful life of the asset. Estimated useful lives are three years for equipment and vehicles and range from 15 to 40 years for buildings. The Agency considers items with a cost greater than \$5,000 and a useful life greater than one year to be property and equipment.

Property and equipment purchased with grant funds are owned by the Agency while used in the program for which they were purchased or in other future authorized programs. However, some funding sources have a reversionary interest in the property and equipment purchased with grant funds. Their disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of grant-funded property and equipment included on the statement of financial position is \$2,280,328 and \$2,342,912 at December 31, 2017 and 2016, respectively.

Community Action Agency of Butte County, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Joint costs are allocated to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all organization programs that cannot be readily identified with a final cost objective.

New Accounting Pronouncements

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14 (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities* ("Update"). The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofits to report expenses by nature and function and improves information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments in this Update is permitted. The Agency has not elected to early implement the amendments.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue From Contracts With Customers* (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Agency is currently evaluating the impact of the provisions of ASC 606.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Amendments in this Update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and determining whether a transaction is conditional. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in this Update is permitted. The Agency has not elected to early implement the amendments.

Community Action Agency of Butte County, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

Community Action Agency of Butte County, Inc. is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

CAA North Point Chico LLC is organized as a limited liability company and is subject to federal income tax.

The Agency is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Agency has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Subsequent Events

Subsequent events have been evaluated through August 21, 2018, which is the date the financial statements were available to be issued.

Note 2: Concentration of Credit Risk

The Agency maintains cash balances at two financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 at each institution. At times throughout the year, balances may exceed those insured by the FDIC. Management has assessed the creditworthiness of the financial institutions and feels the risk of loss is minimal.

Note 3: Restricted Cash

Restricted cash and reserve funds consisted of the following at December 31:

	2017	2016
Security deposits	\$ 5,300	\$ 14,326
Client funds	34,232	31,297
Totals	\$ 39,532	\$ 45,623

The Agency maintains client funds as a fiscal agent primarily to ensure payment for security deposits and rent. Client funds are recorded as a liability until earned as rental income, or forfeited as a security deposit. In addition, security deposits are held for new tenants. Both are reported as a liability in the statement of financial position as deposits and trust funds payable.

Community Action Agency of Butte County, Inc.

Notes to Financial Statements

Note 3: Restricted Cash (Continued)

In relation to a funding agreement for one of the Agency's rental properties, the Agency agreed to maintain a minimum balance of \$27,804 in a restricted reserve fund as required by the U.S. Department of Agriculture (USDA).

Note 4: Related Party

Community Action Agency of Butte County, Inc. is a 79% owner of CAA North Point Chico LLC. CAA North Point Chico LLC is .01% owner of North Point Chico LP. North Point Chico LLC is the managing member and general partner of North Point Chico LP with a initial capital contribution of \$264. This capital contribution has been reduced to zero in accordance with the equity method investment policy described in Note 1.

The developer fee receivable was earned in relation to the Agency serving as the developer for North Point Chico LP. The net developer fee receivable at December 31, 2017 and 2016, is \$0. Any remaining developer fee receivable is payable from North Point Chico LP based on priority as established in the operating agreement.

There is also a partnership administration services agreement between CAA North Point Chico LLC and North Point Chico LP for various administrative services. The annual fee is \$10,000 and payment is subject to cash flows of the partnership. No fees have been paid or accrued during 2017 and 2016 as North Point Chico LP has not had the cash flow to support payments.

Note 5: Grants Receivable

Grants receivable related to the following programs at December 31:

	2017	2016
Federal program	\$ 424,728	\$ 393,662
State programs	32,114	84,514
Other programs	18,569	38,110
Totals	\$ 475,411	\$ 516,286

Note 6: Inventories and Work in Progress

Inventories consisted of the following at December 31:

	2017	2016
Food commodities	\$ 24,503	\$ 23,715
EES - Weatherization supplies and work in progress	152,047	119,309
Totals	\$ 176,550	\$ 143,024

Community Action Agency of Butte County, Inc.

Notes to Financial Statements

Note 7: Property and Equipment

Property and equipment consisted of the following at December 31:

	2017	2016
Land	\$ 497,733	\$ 497,733
Building and building improvements	3,793,184	3,793,184
Equipment	151,555	205,347
Vehicles	455,897	768,984
<hr/>		
Subtotal	4,898,369	5,265,248
Less - Accumulated depreciation	2,089,034	2,356,584
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Property and equipment, net	\$ 2,809,335	\$ 2,908,664

Note 8: Operating Leases

The Agency leases vehicles as part of the operation of its programs. The Agency is required to pay all operating expenses, maintenance costs, repairs, and insurance on the leased vehicles. Rent expense for the years ended December 31, 2017 and 2016, was \$29,350 and \$22,817.

Future minimum lease payments, by year and in the aggregate, on leases having noncancelable terms beyond December 31, 2017, are as follows:

2018	\$	40,288
2019		36,126
2020		36,126
2021		34,752
2022		11,608
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Total	\$	158,900

Community Action Agency of Butte County, Inc.

Notes to Financial Statements

Note 9: Notes Payable

Long-term debt consisted of the following as of December 31:

	2017	2016
Note payable to the USDA, monthly payments of \$2,317, including interest at 5.125%, secured by a warehouse, due in May 2030.	\$ 249,162	\$ 264,433
Note payable to the City of Oroville, monthly payments of \$888 including interest at 5.130%, secured by a warehouse, due in May 2025.	28,391	37,045
Note payable to the Bank of America, monthly payments of \$1,786, and interest at prime plus 1.500% (5.000% at December 31, 2015), secured by substantially all assets of the Agency. This note was paid off during 2017.	-	46,425
Subtotals	277,553	347,903
Less - Current maturities	23,607	45,034
Total long-term portion	\$ 253,946	\$ 302,869

Scheduled principal payments on long-term debt at December 31, 2017, including current maturities, are summarized as follows:

2018	\$	23,607
2019		26,114
2020		26,563
2021		17,945
2022		18,887
Thereafter		164,437
Totals	\$	277,553

Note 10: Commitments and Contingencies

The Agency receives a significant portion of its funding under Federal, State, and Pacific Gas & Electric (PG&E) contracts. These reimbursements are subject to audit by the appropriate entities. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Agency.

Community Action Agency of Butte County, Inc.

Notes to Financial Statements

Note 10: Commitments and Contingencies (Continued)

The following is a summary of contingent long-term debt at December 31, 2017:

	Principal Balance	Accrued Interest
City of Chico Agreement (1)	\$ 1,800,000	\$ 1,222,500
City of Chico Land (2)	395,250	432,222
Affordable Housing Program (3)	500,000	-
Totals	\$ 2,695,250	\$ 1,654,722

The following is a summary of contingent long-term debt at December 31, 2016:

	Principal Balance	Accrued Interest
City of Chico Agreement (1)	\$ 1,800,000	\$ 1,132,500
City of Chico Land (2)	395,250	403,567
Affordable Housing Program (3)	500,000	-
Totals	\$ 2,695,250	\$ 1,536,067

(1) In conjunction with the City of Chico Land Grant, a grant in the amount of \$1,800,000 issued from the City of Chico Redevelopment Agency's Low and Moderate Income Housing Fund for the purpose of operating as an emergency shelter or transition housing unit. Terms are 55 years from the date of May 30, 2003. The Agency agrees that for the 55-year term of the grant agreement it will cause the Esplanade House to be held and used as a transitional residence for very low income tenants. Interest on the unpaid principal balance accrues from the date of the advance at the simple interest rate of 5% per annum. Repayment of principal and interest shall be deferred as long as the property is operated as an emergency shelter or transition housing unit. Interest accrual began in May 2004 after the project was completed. The debt and related accrued interest is forgivable upon performance of the Esplanade House contract. Management's operational and strategic plans reflect the intention to operate the facility in accordance with this agreement.

(2) Grant from the City of Chico Redevelopment Agency's HOME Program in the amount of \$395,250 dated May 30, 2003, secured by the property at 2920 Esplanade, for the purposes of developing a 60-unit transitional housing facility that will serve low income and very low income families. Interest on the unpaid principal balance shall accrue from the date of the advance at the simple interest rate of 7.25% per annum. Interest accrual began in May 2004 after the project was completed. The debt and related accrued interest is forgivable upon performance of the Esplanade House contract after 35 years. Management's operational and strategic plans reflect the intention to operate the facility in accordance with this agreement.

Community Action Agency of Butte County, Inc.

Notes to Financial Statements

Note 10: Commitments and Contingencies (Continued)

(3) Grant in the amount of \$500,000 issued on December 22, 2003, secured by real property at 181 East Shasta Ave, Chico, California. Terms are 15 years from the date of issuance. The Agency agrees that for the term of the grant agreement it will cause the Esplanade House to be held and used as a transitional residence for very low income tenants. As long as the program is compliant with the grant terms there is no annual interest accrual. The debt and related accrued interest is forgivable upon performance of the Esplanade House contract. Management's operational and strategic plans reflect the intention to operate the facility in accordance with this agreement.

The contingent debt instruments, noted above, requires the payment of interest if the Agency fails to meet the criteria for each of the contingent long term debt issues. Per the agreements, these amounts will be forgiven at the end of their terms.

In relation to the ownership interest in North Point Chico LP, CAA North Point Chico LLC (the Agency owns 79%) entered into an operating deficit guaranty agreement with North Point Chico LP. The agreement stipulates that the general partner (CAA North Point Chico LLC) must advance amounts to fund operating deficits. No amount is specified in the agreement.

The Agency had grant commitments under various grants of approximately \$4,030,000 as of December 31, 2017. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Note 11: Retirement Plan

The Agency has established a tax deferred pension plan pursuant to Section 403(b) of the Internal Revenue Code. Annual contributions by the Agency are equal up to 6.25% of each eligible employee's salary. Employees who have been employed by the Agency and worked over 1,000 hours during one year are eligible. The Agency's contribution to the plan during the year ended December 31, 2017 and 2016, were \$63,747 and \$69,874, respectively.

Supplementary Information

Community Action Agency of Butte County, Inc.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
US DEPARTMENT OF AGRICULTURE			
Emergency Food Assistance Cluster			
Passed through California State Department of Social Services			
Emergency Food Assistance Program	10.568	MOU-00108 16/17	\$ 69,411
Emergency Food Assistance Program		MOU-00108 17/18	13,423
Total CFDA #10.568			82,834
NON-MONETARY ASSISTANCE			
Passed through California State Department of Social Services			
Emergency Food Assistance Program (Food Commodities)	10.569	MOU-00108 16/17	437,748
Emergency Food Assistance Program (Food Commodities)		MOU-00108 17/18	155,291
Total CFDA #10.569			593,039
Total Emergency Food Assistance Cluster CFDA #10.568 and 10.569			675,873
Total US Department of Agriculture			675,873
Passed through the City of Chico			
CDBG - Entitlement Grants Cluster			
Community Development Block Grant	14.218	L-AGR-1-21-38 16-17	11,494
Community Development Block Grant		L-AGR-1-21-38 17-18	13,103
Total CDBG - Entitlement Grants Cluster CFDA #14.218			24,597
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Supportive Housing Program (SHP) - COC	14.235	CA1420L9T191500	15,735
Supportive Housing Program (SHP) - HMIS		CA0303L9T191508	81,161
Supportive Housing Program (SHP) - HMIS		CA0303L9T191609	25,127
Supportive Housing Program (SHP) - PH		CA0304L9T191508	30,612
Total CFDA #14.235			152,635
Total US Department of Housing and Urban Development			177,232
DEPARTMENT OF ENERGY			
Passed through State of California Department of Community Service and Development			
Weatherization Assistance Program	81.042	16C-6003	50,322
Total US Department of Energy			50,322

Community Action Agency of Butte County, Inc.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
US DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through State of California Department of Community Service and Development			
Community Services Block Grant	93.569	17F-2005	\$ 359,551
Community Services Block Grant		16F-5511	11,939
Total CFDA # 93.569			371,490
Passed through State of California Department of Community Service and Development			
Low Income Energy Assistance	93.568	16B-4003	522,678
Low Income Energy Assistance		17B-3003	1,618,272
Low Income Energy Assistance		18B-4003	79,059
Total CFDA #93.568			2,220,009
Total US Department of Health and Human Services			2,591,499
US DEPARTMENT OF HOMELAND SECURITY			
Emergency Food and Shelter Program - Butte	97.024	065400-003 Phase 33	20,000
Emergency Food and Shelter Program - Butte		065400-003 Phase 34	20,446
Emergency Food and Shelter Program - Glenn		067600-011 Phase 33	3,289
Emergency Food and Shelter Program - Glenn		067600-011 Phase 34	2,000
Emergency Food and Shelter Program - Tehama		091800-017 Phase 33	534
Emergency Food and Shelter Program - Tehama		091800-017 Phase 34	1,115
Total CFDA #97.024			47,384
Total US Department of Homeland Security			47,384
Total expenditures of Federal awards			\$ 3,542,310

See Independent Auditor's Report.

Community Action Agency of Butte County, Inc.

Notes to Consolidated Schedule of Expenditures of Federal Awards

Year Ended December 31, 2017

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the Community Action Agency of Butte County, Inc.'s federal and state grant activities under programs of the federal and state governments for the year ended December 31, 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"). Because the Schedule presents only a selected portion of the Community Action Agency of Butte County, Inc.'s operations, it is not intended to, and does not, present Community Action Agency of Butte County, Inc.'s financial position, its changes in net assets, or its cash flows.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Allocation

Community Action Agency of Butte County, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Subrecipients

Community Action Agency of Butte County, Inc. does not have subrecipients; therefore, there are no subrecipient expenditures reported.

Community Action Agency of Butte County, Inc.

Supplemental Statement of Revenue and Expenditures

Contract #17F-5005 - CSBG

For the Period January 1 through December 31, 2017

	1/1/17 - 6/30/17	7/1/17 - 12/31/17	Total Audited Costs		Total Reported Expenses		Total Grant Budget
REVENUE							
Grant revenue	\$ 167,915	\$ 191,636	\$ 359,551				\$ 359,551
Total revenue	\$ 167,915	\$ 191,636	\$ 359,551				\$ 359,551
EXPENDITURES							
Administration:							
Wages	\$ 119,278	\$ 154,058	\$ 273,336		\$ 273,336		\$ 273,336
Fringe	23,092	31,623	54,715		54,715		54,715
Operating expense	-	31,500	31,500		31,500		31,500
Equipment	-	-	-		-		-
Out of state travel	-	-	-		-		-
Other costs	-	-	-		-		-
Total administration costs	142,370	217,181	359,551		359,551		359,551
Program:							
Wages	-	-	-		-		-
Fringe	-	-	-		-		-
Total program costs	-	-	-		-		-
Total costs	\$ 142,370	\$ 217,181	\$ 359,551		\$ 359,551		\$ 359,551

See Independent Auditor's Report.

Community Action Agency of Butte County, Inc.

Supplemental Statement of Revenue and Expenditures

Contract #16F-5511 - CSBG Discretionary

For the Period January 1 through December 31, 2017

	Previous Year's Expenditures	1/1/17 - 6/30/17	7/1/17 - 12/31/17	Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE						
Grant revenue	\$ 20,139	\$ 11,939	\$ -	\$ 32,078		\$ 32,078
Total revenue	\$ 20,139	\$ 11,939	\$ -	\$ 32,078		\$ 32,078
EXPENDITURES						
Administration:						
Wages	\$ 17,036	\$ 10,189	\$ -	\$ 27,225	\$ 27,225	\$ 24,330
Fringe	3,103	1,750	-	4,853	4,853	7,748
Operating expense	-	-	-	-	-	-
Total administration costs	20,139	11,939	-	32,078	32,078	32,078
Program:						
Wages	-	-	-	-	-	-
Fringe	-	-	-	-	-	-
Operating expense	-	-	-	-	-	-
Total program costs	-	-	-	-	-	-
Total costs	\$ 20,139	\$ 11,939	\$ -	\$ 32,078	\$ 32,078	\$ 32,078

See Independent Auditor's Report.

Community Action Agency of Butte County, Inc.

Supplemental Statement of Revenue and Expenditures

Contract #18B-4003 - Weatherization

For the Period January 1 through December 31, 2017

	1/1/17 - 6/30/17	7/1/17 - 12/31/17		Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE						
Grant revenue	\$ -	\$ 70,815	\$	70,815		\$ 861,416
Total revenue	\$ -	\$ 70,815	\$	70,815		\$ 861,416
EXPENDITURES						
Administration	\$ -	\$ -	\$	-	-	-
Assurance	-	-	-	-	-	-
Total A-16/ECIP/HEAP Administration Costs	-	-	-	-	-	-
Program:						
Intake	-	2,514		2,514	2,514	68,913
Outreach	-	2,480		2,480	2,480	43,071
Training	-	1,819		1,819	1,819	43,071
Direct Program Sec #210 Line 113	-	64,002		64,002	64,002	706,361
Total program costs	-	70,815		70,815	70,815	861,416
Total costs	\$ -	\$ 70,815	\$	70,815	\$ 70,815	\$ 861,416

See Independent Auditor's Report.

Community Action Agency of Butte County, Inc.

Supplemental Statement of Revenue and Expenditures

Contract #18B-4003 - EHA-16 (ECIP)

For the Period January 1 through December 31, 2017

	1/1/17 - 6/30/17	7/1/17 - 12/31/17	Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE					
Grant revenue	\$ -	\$ 8,244	\$ 8,244		\$ 1,173,084
Total revenue	\$ -	\$ 8,244	\$ 8,244		\$ 1,173,084
EXPENDITURES					
Administration	\$ -	\$ 16	\$ 16	\$ 16	\$ 151,000
Assurance	-	5,898	5,898	5,898	151,000
Total administration costs	-	5,914	5,914	5,914	302,000
Program:					
Intake	-	-	-	-	135,886
Outreach	-	1,476	1,476	1,476	84,928
ECIP Heating & Cooling	-	-	-	-	33,971
Program service costs	-	854	854	854	616,299
Total program costs	-	2,330	2,330	2,330	871,084
Total costs	\$ -	\$ 8,244	\$ 8,244	\$ 8,244	\$ 1,173,084

See Independent Auditor's Report.

Community Action Agency of Butte County, Inc.

Supplemental Statement of Revenue and Expenditures

Contract #17B-3003 - Weatherization

For the Period January 1 through December 31, 2017

	1/1/17 - 6/30/17	7/1/17 - 12/31/17	Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE					
Grant revenue	\$ 158,897	\$ 392,301	\$ 551,198		\$ 551,198
Total revenue	\$ 158,897	\$ 392,301	\$ 551,198		\$ 551,198
EXPENDITURES					
Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Assurance	-	-	-	-	-
Total A-16/ECIP/HEAP Administration Costs	-	-	-	-	-
Program:					
Intake	18,268	24,408	42,676	42,676	44,096
Outreach	27,468	92	27,560	27,560	27,560
Training	7,832	10,810	18,642	18,642	20,000
Direct Program Sec #210 Line 113	33,529	211,304	244,833	244,833	240,000
Direct Other Program	57,540	74,273	131,813	131,813	106,542
Liability insurance	3,294	3,753	7,047	7,047	13,000
General operating	9,321	20,653	29,974	29,974	40,000
Vehicle and equipment	1,645	47,008	48,653	48,653	60,000
Workers compensation	-	-	-	-	-
Total program costs	158,897	392,301	551,198	551,198	551,198
Total costs	\$ 158,897	\$ 392,301	\$ 551,198	\$ 551,198	\$ 551,198

See Independent Auditor's Report.

Community Action Agency of Butte County, Inc.

Supplemental Statement of Revenue and Expenditures

Contract #17B-3003 - EHA-16 (ECIP)

For the Period January 1 through December 31, 2017

		Previous Year's Expenditures	1/1/17 - 6/30/17	7/1/17 - 12/31/17	Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE							
Grant revenue	\$	26,025	\$ 528,170	\$ 538,904	\$ 1,093,099		\$ 1,123,355
Total revenue	\$	26,025	\$ 528,170	\$ 538,904	\$ 1,093,099		\$ 1,123,355
EXPENDITURES							
Administration	\$	-	\$ 12,686	\$ 10,665	\$ 23,351	\$ -	\$ 28,084
Administrative Equipment			-	5,617	5,617	-	5,617
Administrative Out of State Travel			879	992	1,871	-	2,000
Assurance		-	25,756	41,089	66,845	-	66,845
Total A-16/ECIP/HEAP Administration Costs		-	39,321	58,363	97,684	-	102,546
Program:							
Intake		-	43,262	51,369	94,631	-	89,858
Outreach		-	15,740	39,741	55,481	-	51,040
Training & Technical Assistance		-	7,908	698	8,606	-	12,000
Major Equip >5000		-	-	25,000	25,000	-	25,000
Minor Equip <5000		-	176	7,868	8,044	-	6,000
Liability Insurance		-	6,057	4,385	10,442	-	35,000
General Operating Costs		859	11,985	14,378	27,222	859	49,000
Automation Supplemental (IT)		-	3,552	7,803	11,355	-	50,000
ECIP		25,098	207,172	233,066	465,336	25,098	391,773
SWEATS		-	-	-	-	-	-
WPO		-	169,755	68,887	238,642	-	205,138
Other		68	23,242	27,346	50,656	68	106,000
Total program costs		26,025	488,849	480,541	995,415	26,025	1,020,809
Total costs	\$	26,025	\$ 528,170	\$ 538,904	\$ 1,093,099	\$ 26,025	\$ 1,123,355

See Independent Auditor's Report.

Community Action Agency of Butte County, Inc.

Supplemental Statement of Revenue and Expenditures

Contract #16B-4003 - Weatherization

For the Period January 1 through December 31, 2017

	Previous Year's Expenditures	1/1/17 - 6/30/17	7/1/17 - 12/31/17	Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE						
Grant revenue	\$ 521,463	\$ 75,752	\$ 68,938	\$ 666,153		\$ 666,153
Total revenue	\$ 521,463	\$ 75,752	\$ 68,938	\$ 666,153		\$ 666,153
EXPENDITURES						
Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total administration costs	-	-	-	-	-	-
Program:						
Intake	6,000	67	-	6,067	6,067	6,000
Outreach	33,308	-	-	33,308	33,308	33,308
Training	19,882	122	-	20,004	20,004	20,000
Out-of-state travel	1,210	-	-	1,210	1,210	1,210
Direct Program Sec #210 Line 113	251,347	41,655	10,344	303,346	303,346	307,627
Liability insurance	-	514	-	514	514	-
General operating	205,819	33,394	2,236	241,449	241,449	237,665
Vehicle and equipment	3,897	-	56,358	60,255	60,255	60,343
Workers compensation	-	-	-	-	-	-
Total program costs	521,463	75,752	68,938	666,153	666,153	666,153
Total costs	\$ 521,463	\$ 75,752	\$ 68,938	\$ 666,153	\$ 666,153	\$ 666,153

See Independent Auditor's Report.

Community Action Agency of Butte County, Inc.

Supplemental Statement of Revenue and Expenditures

Contract #16B-4003 - EHA-16 (ECIP)

For the Period January 1 through December 31, 2017

	Previous Year's Expenditures	1/1/17 - 6/30/17	7/1/17 - 12/31/17	Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE						
Grant revenue	\$ 1,016,264	\$ 321,464	\$ 56,524	\$ 1,394,252		\$ 1,402,559
Total revenue	\$ 1,016,264	\$ 321,464	\$ 56,524	\$ 1,394,252		\$ 1,402,559
EXPENDITURES						
Administration	\$ 23,686	\$ 9,806	\$ -	\$ 33,492	\$ 33,492	\$ 33,492
Assurance	54,654	20,146	154	74,954	74,954	75,000
Total administration costs	78,340	29,952	154	108,446	108,446	108,492
Program:						
Intake	55,052	4,695	90	59,837	59,837	60,000
Outreach	46,372	7,185	1,182	54,739	54,739	55,000
ECIP Heating & Cooling	443,687	154,763	2,988	601,438	601,438	607,577
ECIP Water Heater	-	-	-	-	-	-
Automation supplemental	20,855	3,977	168	25,000	25,000	25,000
ECIP Other Costs	-	-	-	-	-	-
ECIP & HEAP WPO	273,040	87,859	113	361,012	361,012	350,000
HEAP WPO	-	-	-	-	-	-
Equipment	740	823	50,010	51,573	51,573	51,000
Out-of-state travel	490	-	-	490	490	490
General operating	97,688	32,210	1,819	131,717	131,717	145,000
Liability insurance	-	-	-	-	-	-
Workers compensation	-	-	-	-	-	-
Total program costs	937,924	291,512	56,370	1,285,806	1,285,806	1,294,067
Total costs	\$ 1,016,264	\$ 321,464	\$ 56,524	\$ 1,394,252	\$ 1,394,252	\$ 1,402,559

See Independent Auditor's Report.

Community Action Agency of Butte County, Inc.

Supplemental Statement of Revenue and Expenditures

Contract #15B-3003 - Toilet Retrofit Program

For the Period January 1 through December 31, 2017

		Previous Year's Expenditures	1/1/17 - 6/30/17	7/1/17 - 12/31/17	Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE							
Grant revenue	\$	1,855	\$ (25)	\$ -	\$ 1,830		\$ 14,145
Total revenue	\$	1,855	\$ (25)	\$ -	\$ 1,830		\$ 14,145
EXPENDITURES							
Administration	\$	80	\$ -	\$ -	\$ 80	\$ 80	\$ 615
Total administration costs		80	-	-	80	80	615
Program:							
Program support costs		159	-	-	159	159	1,230
Direct program activities		1,616	(25)	-	1,591	1,616	12,300
Total program costs		1,775	(25)	-	1,750	1,775	13,530
Total costs	\$	1,855	\$ (25)	\$ -	\$ 1,830	\$ 1,855	\$ 14,145

See Independent Auditor's Report.

Community Action Agency of Butte County, Inc.

Supplemental Statement of Revenue and Expenditures

Contract #16C-6003 - DOE

For the Period January 1 through December 31, 2017

	Previous Year's Expenditures	1/1/17 - 6/30/17	7/1/17 - 12/31/17	Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE						
Grant revenue	\$ 46,715	\$ 50,322	\$ -	\$ 97,037		\$ 97,037
Total revenue	\$ 46,715	\$ 50,322	\$ -	\$ 97,037		\$ 97,037
EXPENDITURES						
Administration	\$ 1,864	\$ 1,155	\$ -	\$ 3,019	\$ 3,019	\$ 3,200
Training and technical assistance	-	1,550	-	1,550	1,550	1,550
Training and technical assistance (out of stat	-	2,696	-	2,696	2,696	2,696
Total administration costs	1,864	5,401	-	7,265	7,265	7,446
Program:						
Intake	3,117	880	-	3,997	3,997	4,000
Liability insurance	-	881	-	881	881	1,000
Outreach	748	252	-	1,000	1,000	1,000
Direct Program Sec #200	29,957	36,053	-	66,010	66,010	64,109
Health & Saefy Sec #165	3,994	571	-	4,565	4,565	9,000
General operating	7,035	6,284	-	13,319	13,319	10,482
Vehicle and equipment	-	-	-	-	-	-
Workers compensation	-	-	-	-	-	-
Total program costs	44,851	44,921	-	89,772	89,772	89,591
Total costs	\$ 46,715	\$ 50,322	\$ -	\$ 97,037	\$ 97,037	\$ 97,037

See Independent Auditor's Report.

Community Action Agency of Butte County, Inc.

Supplemental Statement of Revenue and Expenditures

Contract #15K-6002 - LIWP

For the Period January 1 through December 31, 2017

	Previous Year's Expenditures	1/1/17 - 6/30/17	7/1/17 - 12/31/17	Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE						
Grant revenue	\$ 77,693	\$ 7,700	\$ 303	\$ 85,696		\$ 86,393
Total revenue	\$ 77,693	\$ 7,700	\$ 303	\$ 85,696		\$ 86,393
EXPENDITURES						
Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000
Other	40,000	-	-	40,000	40,000	38,000
Total ramp up costs	40,000	-	-	40,000	40,000	40,000
Administration	1,924	234	-	2,158	2,158	2,158
Other	-	-	-	-	-	-
Total administration costs	1,924	234	-	2,158	2,158	2,158
Program:						
Intake	200	-	-	200	200	200
Outreach	100	-	-	100	100	100
Training	-	-	-	-	-	-
General overhead	10,975	4,619	-	15,594	15,594	15,594
Single family Wx	20,908	2,847	303	24,058	24,058	24,058
Multi family Wx	-	-	-	-	-	-
Solar water heating	3,586	-	-	3,586	3,586	4,283
Total program costs	35,769	7,466	303	43,538	43,538	44,235
Total costs	\$ 77,693	\$ 7,700	\$ 303	\$ 85,696	\$ 85,696	\$ 86,393

See Independent Auditor's Report.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Directors
Community Action Agency of Butte County, Inc.
Chico, California

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Community Action Agency of Butte County, Inc. and Subsidiary, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action Agency of Butte County, Inc.'s internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action Agency of Butte County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Agency of Butte County, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting 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 Community Action Agency of Butte County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of This Report

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

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

August 21, 2018
Madison, Wisconsin



Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance

Board of Directors
Community Action Agency of Butte County, Inc.
Chico, California

Report on Compliance for Each Major Federal Program

We have audited Community Action Agency of Butte County, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management Compliance Supplement*, that could have a direct and material effect on its major federal program for the year ended December 31, 2017. Community Action Agency of Butte County, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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 Community Action Agency of Butte County, Inc.'s major federal program 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; 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 Community Action Agency of Butte County, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on Community Action Agency of Butte County, Inc.'s compliance.

Opinion

In our opinion, Community Action Agency of Butte County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of Community Action Agency of Butte County, 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 Community Action Agency of Butte County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance 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 Community Action Agency of Butte County, 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or 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 that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

The purpose of this report is solely to describe the scope of our testing on 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.



Wipfli LLP

August 21, 2018
Madison, Wisconsin

Community Action Agency of Butte County, Inc.

Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance [2 CFR 200.516(a)]?	No

Identification of major federal programs:

<u>CFDA No.</u>	<u>Health Center Cluster/Name of Federal Program</u>
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93.568	Low Income Housing Energy Assistance Program
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Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None.

Section III - Federal Award Program Findings and Questioned Costs

None.

Section IV - Prior Year Findings and Questioned Costs

None.