

# Community Action Agency of Butte County, Inc. and Subsidiary

Consolidated Financial Statements and Supplementary Information

Years Ended December 31, 2018 and 2017



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

**WIPFLi**<sup>LLP</sup>  
CPAs and Consultants



## Independent Auditor's Report

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

### Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Community Action Agency of Butte County, Inc. (the "Organization"), which comprises the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated consolidated financial statements.

### Management's Responsibility

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; 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 did not audit the financial statements of CAA North Point Chico, LP, a majority-owned subsidiary, which statements reflect total assets of \$8,418,321 and \$8,732,379 as of December 31, 2018 and 2017, and total revenues of \$412,518 and \$400,709 for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CAA North Point Chico, LP, is based solely on the report of the other auditors. We conducted our audit 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. The financial statements of the majority-owned subsidiary of Community Action Agency of Butte County, Inc. was not audited in accordance with *Government Auditing Standards*.

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 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 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, based on our audits the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Action Agency of Butte County, Inc. and Subsidiary as of December 31, 2018 and 2017, 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.

## **Emphasis of Matter**

As discussed in Note 1 to the consolidated financial statements, Community Action Agency of Butte County, Inc. and Subsidiary adopted the amendments in Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities – Presentation of Financial Statements for Not-for-Profit Entities*, as of and for the year ended December 31, 2018. The amendments have been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU.

As discussed in Note 1 to the consolidated financial statements, Community Action Agency of Butte County, Inc. and Subsidiary adopted the amendments in Accounting Standards Update (ASU) No. 2017-02, *Not-for-Profit Entities – Consolidation: Clarifying When a Not-for-Profit Entity That is a General Partner or Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*, which restated beginning net assets for the year ended December 31, 2017. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated 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*, the consolidating schedule of financial position, the consolidating schedule of activities, 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 consolidated financial statements. Such 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. In our opinion, the supplementary information, including the consolidating schedule of financial position and the consolidating schedule of activities, which insofar as it relates to CAA North Point Chico, LP, is based on the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



The supplemental statements of revenue and expenditures for CSD contracts contain information regarding 2017 expenses and 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, 2017, consolidated 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 consolidated financial statements or to the consolidated 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 consolidated 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 September 24, 2019, 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. and Subsidiary'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*

Wipfli LLP

September 24, 2019  
Madison, Wisconsin

# Community Action Agency of Butte County, Inc.

## Consolidated Statements of Financial Position

<i>December 31,</i>	2018	2017 (Restated)
<i>Assets</i>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 724,115	\$ 647,685
Grants receivable	730,806	452,383
Accounts receivable	79,316	168,604
Inventories and work in progress	289,172	176,550
Prepaid expenses	103,126	88,847
Total current assets	1,926,535	1,534,069
<b>Other assets:</b>		
Restricted cash	432,738	442,608
Restricted reserve funds - USDA	27,816	27,811
Tax credit monitoring fees, net	16,022	17,701
Prepaid expenses	89,774	111,168
Total other assets	566,350	599,288
Property and equipment, net	10,573,062	10,905,303
<b>TOTAL ASSETS</b>	<b>\$ 13,065,947</b>	<b>\$ 13,038,660</b>
<i>Liabilities and Net Assets</i>		
<b>Current liabilities:</b>		
Accounts payable	\$ 405,751	\$ 413,525
Accrued payroll and related	138,564	132,096
Tenant's security deposits liability	48,738	50,944
Deposits and trust funds payable	25,581	39,532
Annual fee to limited partner	1,247	-
Commodities inventory - Advanced	119,177	24,503
Deferred revenue	216,736	185,908
Accrued vacation	72,552	68,037
Current portion of long-term debt	57,692	53,548
Total current liabilities	1,086,038	968,093
<b>Long-term liabilities:</b>		
Long-term debt, net	7,426,104	7,479,419
Accrued interest	648,832	540,391
Total long-term liabilities	8,074,936	8,019,810
Total Liabilities	9,160,974	8,987,903
<b>Net Assets:</b>		
Without donor restrictions	886,029	624,785
Controlling interest	10	48
Noncontrolling interest	20,412	399,709
Without donor restrictions - board designated:		
Restricted reserve funds	27,804	27,811
Prepaid lease costs	173,353	189,069
Property and equipment	2,797,365	2,809,335
Total net assets	3,904,973	4,050,757
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,065,947</b>	<b>\$ 13,038,660</b>

See accompanying notes to consolidated financial statements.

# Community Action Agency of Butte County, Inc.

## Consolidated Statements of Activities

<i>Year Ended December 31,</i>	2018	2017 (Restated)
Public support and revenue:		
Contracts and grants - Federal	\$ 3,408,150	\$ 2,949,271
Contracts and grants - Non-federal	1,346,827	1,291,266
Commodities - Federal	559,682	593,039
In-kind	617,597	433,157
Donations	419,746	169,349
Other income	82,999	99,997
Rent, net of vacancy	590,727	571,196
Gain from sale of assets	34,467	53,315
Food programs - Other	14,733	78,251
Total public support and revenue	7,074,928	6,238,841
Operating expenses:		
Program expenses:		
Food and nutrition program	1,048,684	1,155,196
Community programs	735,902	529,890
Energy/weatherization	3,277,655	2,737,763
Esplanade House	810,831	651,231
Housing	687,933	825,827
Total program expenses	6,561,005	5,899,907
Management and general expense	659,707	697,772
Total expenses	7,220,712	6,597,679
Change in net assets	(145,784)	(358,838)
Net assets at beginning	4,050,757	4,409,595
Net assets at end	\$ 3,904,973	\$ 4,050,757

See accompanying notes to consolidated financial statements.

# Community Action Agency of Butte County, Inc.

## Consolidated Statements of Functional Expenses

<i>Year Ended December 31, 2018</i>	Food and Nutrition	Community	Energy/Wx	Esplanade House	Housing	Management and General	Totals
Expenses:							
Salary	\$ 42,352	\$ 241,386	\$ 881,616	\$ 240,940	\$ -	\$ 349,086	\$ 1,755,380
Payroll taxes and benefits	16,085	43,053	204,705	53,184	-	98,597	415,624
Professional and contract fees	1,380	162,704	16,439	67,292	23,982	121,102	392,899
Insurance and licensing	6,709	6,348	45,327	23,250	6,154	12,529	100,317
Occupancy	18,398	23,114	27,880	49,559	-	18,506	137,457
Consumable supplies	101,784	4,466	1,331,606	15,308	-	9,079	1,462,243
Tools and equipment	(7,641)	38,509	45,818	10,053	49,928	(7,019)	129,648
Training and travel related	1,322	6,908	16,410	2,523	-	13,093	40,256
Utilities and phone	16,104	34,125	73,453	67,053	50,715	8,907	250,357
Depreciation	6,353	2,372	17,560	8,175	336,388	99,338	470,186
Direct assistance to clients	559,682	79,233	469,370	-	-	-	1,108,285
Vehicle costs	72,774	8,267	104,357	22,439	-	3,675	211,512
Interest expense	-	-	-	-	198,070	-	198,070
Miscellaneous	13,430	9,158	43,089	11,796	22,696	(67,530)	32,639
Bad debt expense	(345)	-	25	3,812	-	-	3,492
In-kind expenses	200,297	76,259	-	235,447	-	344	512,347
<b>Total expenses</b>	<b>\$ 1,048,684</b>	<b>\$ 735,902</b>	<b>\$ 3,277,655</b>	<b>\$ 810,831</b>	<b>\$ 687,933</b>	<b>\$ 659,707</b>	<b>\$ 7,220,712</b>

See accompanying notes to consolidated financial statements.

# Community Action Agency of Butte County, Inc.

## Consolidated Statements of Functional Expenses (Continued)

<i>Year Ended December 31, 2017 (Restated)</i>	Food and Nutrition	Community	Energy/Wx	Esplanade House	Housing	Management and General	Totals
Expenses:							
Salary	\$ 70,043	\$ 289,469	\$ 731,987	\$ 233,372	\$ -	\$ 411,324	\$ 1,736,195
Payroll taxes and benefits	10,714	53,287	192,253	50,545	-	87,568	394,367
Professional and contract fees	42,592	121,216	11,841	37,077	23,589	49,106	285,421
Insurance and licensing	12,633	770	55,606	21,263	6,735	12,449	109,456
Occupancy	29,996	1,881	28,632	28,718	-	22,864	112,091
Consumable supplies	87,807	1,914	1,104,341	14,906	-	14,992	1,223,960
Tools and equipment	2,001	13,832	80,986	4,426	50,674	3,001	154,920
Training and travel related	1,644	2,398	18,994	6,097	-	25,302	54,435
Utilities and phone	27,927	5,682	70,008	75,187	47,385	18,926	245,115
Depreciation	20,018	7,386	50,470	15,456	412,752	45,550	551,632
Direct assistance to clients	593,039	1,500	328,111	-	-	-	922,650
Vehicle costs	31,495	821	64,534	3,585	-	-	100,435
Interest expense	-	-	-	-	201,663	-	201,663
Miscellaneous	-	-	-	-	27,378	-	27,378
Bad debt (recovery) expense	21,347	(39,267)	-	383	55,651	6,690	44,804
In-kind expenses	203,940	69,001	-	160,216	-	-	433,157
<b>Total expenses</b>	<b>\$ 1,155,196</b>	<b>\$ 529,890</b>	<b>\$ 2,737,763</b>	<b>\$ 651,231</b>	<b>\$ 825,827</b>	<b>\$ 697,772</b>	<b>\$ 6,597,679</b>

See accompanying notes to consolidated financial statements.



# Community Action Agency of Butte County, Inc.

## Consolidated Statements of Cash Flows

<i>For the Year Ended December 31,</i>	2018	2017 (Restated)
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ (145,784)	\$ (358,838)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	470,186	551,632
Amortization	1,679	1,679
Bad debt expense	3,492	44,375
Gain on sale of property and equipment	(34,467)	(53,315)
Changes in operating assets and liabilities		
Grants receivable	(272,158)	63,903
Accounts receivable	79,531	(128,406)
Inventory and work in progress	(17,948)	(32,738)
Restricted reserve funds - USDA	7,115	(13,295)
Prepaid expenses	(4,086)	(189,223)
Accrued interest - first mortgage	3,441	(58,290)
Accrued interest - other loans	105,000	(5,552)
Accounts payable	(7,774)	105,000
Accrued payroll and related	4,262	(4,719)
Annual fee payable to limited partner	1,247	(2,498)
Accrued vacation	4,515	(14,005)
Deferred revenue	30,828	1,323
Net cash provided by (used in) operating activities	229,079	(92,967)
Cash flows from investing activities:		
Purchase of property and equipment	(139,179)	(48,673)
Proceeds from sale of property and equipment	35,701	53,315
Net cash (used in) provided by investing activities	(103,478)	4,642
Cash flows from financing activities - Payments on long-term debt	(49,171)	(94,491)
Increase (decrease) in cash and cash equivalents	76,430	(182,816)
Cash and cash equivalents at beginning	647,685	830,501
Cash and cash equivalents at end	\$ 724,115	\$ 647,685

**Supplemental schedule of noncash activities:**

Change in restricted cash - Deposits and trust funds payable	\$ (9,870)	\$ 3,488
Amounts included in accounts payable for additions to fixed assets at year-end	-	3,467
Cash paid for interest	98,136	114,505

See accompanying notes to consolidated financial statements.

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Operations

Community Action Agency of Butte County, Inc. (the "Organization") 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 a 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 Organization also participates in financial literacy education, low-income tax preparation assistance, and Rapid Rehousing. Approximately 39% and 42% of total revenue was provided from the State of California Department of Community Services and Development under Energy/Weatherization programs during 2018 and 2017, respectively.

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

In addition, North Point is the general partner of CAA North Point Chico, LP (the "Partnership") where Community Action Agency of Butte County, Inc. has the option of right of first refusal to acquire the Partnership and has determined that it appears to be prudent and feasible that they will exercise that option at the end of the compliance period.

The Partnership was formed as a limited partnership under the laws of the State of California on July 10, 2012 for the purpose of acquiring, holding, investing in, constructing, rehabilitating, developing, improving, maintaining, operating, leasing and otherwise dealing with a residential rental housing project (the "Project"). The Project commenced operating on July 16, 2013 and consists of 50 units located in Chico, California. The Project is currently operating under the name of North Point Apartments.

The partnership agreement was amended and restated on July 10, 2012 (the "partnership agreement"), from which date the Partnership consists of a general partner, CAA North Point Chico, LLC, which owns 0.01%, one special limited partner, Michel Properties, LLC, which owns 0%, and one investor limited partner, Countryside Corporate Tax Credits XXI, LP, which owns a 99.99% interest. All profits, losses and credits, except those gains and losses referred to in Section 7.1.2 of the partnership agreement, shall be allocated to the partners in accordance with their percentage interests.

The partnership agreement provides that the Partnership shall continue in existence until December 31, 2082, unless sooner dissolved and terminated by provisions of the partnership agreement or by operation of law.

The financial statements of the Partnership have been consolidated in accordance with the consolidation guidance contained in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No 2017-02, *Not-for-Profit Entities - Consolidation (Subtopic 958-810): Clarifying When a Not-for-Profit Entity That Is a General Partner or Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*.

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Consolidated Financial Statements**

The consolidated financial statements include the accounts of Community Action Agency of Butte County, Inc. and North Point. All material inter-entity transactions have been eliminated. Collectively, the entities are referred to as the "Organization".

#### **Basis of Presentation**

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

#### **Change in Accounting Policy and Restatement**

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958). This ASU provides certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. This guidance was adopted effective January 1, 2018 and was applied retrospectively with the exception of certain omissions permitted by the ASU.

In January 2017, the FASB issued ASU No. 2017-02, to amend the consolidation guidance in ASC 958-810, Not-for-Profit Entities-Consolidation, to clarify when a not-for-profit entity (NFP) that is a general partner or a limited partner should consolidate a for-profit limited partnership or similar legal entity. ASU 2017-02 retains the consolidation guidance that was in ASC 810-20 for NFPs by including it within ASC 958-810. Therefore, under the amendments, NFPs that are general partners continue to be presumed to control a for-profit limited partnership, regardless of the extent of their ownership interest, unless that presumption is overcome. The ASU was effective for the year ended December 31, 2017 but was not adopted by the Organization until the year ended December 31, 2018. Retrospective application is required upon application and therefore, the financial statements for the year ended December 31, 2017 have been restated.

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Change in Accounting Policy and Restatement (Continued)

The financial statements of the Organization as of and for the year ended December 31, 2017, were restated to reflect the assets, liabilities, net assets, and activities of North Point:

	Prior to Restatement / Adjustment	Restatement / Adjustment	Balance After Restatement / Adjustment
Net assets as of December 31, 2016	\$ 3,054,383	\$ 1,355,212	\$ 4,409,595
Current portion of long-term debt	23,607	29,941	53,548
Cash and cash equivalents	440,583	207,102	647,685
Grants receivable	475,411	(23,028)	452,383
Accounts receivable	164,163	4,441	168,604
Prepaid expenses, current portion	84,756	4,091	88,847
Restricted cash	39,532	403,076	442,608
Tax credit monitoring fees, net	-	17,701	17,701
Property and equipment, net	2,809,335	8,095,968	10,905,303
Accounts payable	395,789	17,736	413,525
Accrued payroll and related	120,721	11,375	132,096
Accrued interest	-	540,391	540,391
Tenant's security deposits liability	-	50,944	50,944
Current portion of long-term debt	23,607	29,941	53,548
Net Assets without donor restrictions	191,051	433,782	624,833
Other income	89,726	10,271	99,997
Rent, net of vacancy	180,758	390,438	571,196
Housing	-	825,827	825,827
Management and general expense	601,169	96,603	697,772

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Classification of Net Assets

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

- *Net assets without donor restrictions* are the net assets of the Organization that are not subject to donor-imposed stipulations. The governing board has designated for specific use, from net assets without donor restrictions, reserve funds, prepaid lease costs, and property and equipment.
- *Net assets with donor restrictions* are those whose use by the Organization has been limited by donors to a specific time period or purpose. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction is met or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization does not have any net assets with donor restrictions at December 31, 2018 and 2017.

#### Use of Estimates

The preparation of the consolidated 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 Organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions 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 support without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements 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 Organization. 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.

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Revenue Recognition** (Continued)

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 deferred revenue.

##### **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.

#### **In-Kind Contributions**

The Organization has recorded in-kind contributions in the consolidated statements 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 Organization has recorded in-kind contributions for supplies and professional services in the consolidated statements of activities. The Organization received contributions of nonprofessional volunteers and consultants with an indeterminable value, primarily for its rental housing program, which are not recorded in the consolidated statements of activities. Nonprofessional in-kind of \$24,252 during 2018 and \$102,884 during 2017, is not recorded on the consolidated 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 Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Accounts 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 Organization considers these receivables to be collectible and, therefore, no allowance for uncollectible amounts has been recorded.

#### **Inventories and Work in Progress**

Materials inventory consists of weatherization materials for use in the Organization's weatherization program. Inventories as of December 31, 2018 and 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. 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 Organization 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, 2018 and 2017, is also reported as an advance in accordance with the revenue recognition policy. Revenue for commodity food on hand is earned when distributed.

#### **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 Organization 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 Organization 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, is subject to funding source regulations. The net book value of grant-funded property and equipment included on the statement of financial position is \$2,305,101 and \$2,280,328 at December 31, 2018 and 2017, respectively.

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Impairment of Long-Lived Assets

The Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended December 31, 2018 and 2017.

#### Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Salaries and fringe benefits are allocated based on time and effort. Occupancy and related costs are allocated based on square footage.

#### New Accounting Pronouncements

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 consolidated financial statements issued for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as the resource recipient, and for fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource provider. Early application of the amendments in this update is permitted. The Organization is still evaluating the impact of the provisions of ASU Topic 958.

#### 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 Organization 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 Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.



# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Deferred Financing Costs

Tax credit monitoring fees totaling \$25,187 are being amortized over the compliance period using the straight-line method. As of December 31, 2018 and 2017, accumulated amortization was \$9,165 and \$7,486, respectively.

Amortization expense for 2018 and 2017 is \$1,679 per year.

#### Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan and amortized over the term of the loan.

#### Subsequent Events

Subsequent events have been evaluated through September 24, 2019, which is the date the financial statements were available to be issued.

### Note 2: Liquidity and Availability of Financial Resources

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

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Cash and cash equivalents	\$	724,115
Grants receivable		730,806
Accounts receivable		79,316
<hr/>		
Subtotal financial assets		1,534,237
Less: Accounts payable		(405,751)
Less: Accrued payroll and related		(138,564)
Less: Deferred revenue		(216,736)
Less: Accrued vacation		(72,552)
<hr/>		
Total	\$	700,634

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The Organization does not have a formal liquidity policy but generally maintains financial assets in liquid forms such as cash and cash equivalents.

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

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### Note 3: Concentration of Credit Risk

The Organization maintains cash balances at various 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 4: Restricted Cash

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

	2018	2017 (Restated)
Security deposits - housing	\$ 48,738	\$ 50,944
Security deposits - esplanade house	17,947	5,300
Client funds	6,645	34,232
Replacement reserve	66,926	60,120
Operating reserve	292,482	292,012
Totals	\$ 432,738	\$ 442,608

The Organization 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 consolidated statements of financial position as deposits and trust funds payable.

The Project is required to make monthly deposits of \$1,250 to a replacement reserve account for use in funding future maintenance and replacement costs.

The Project is required to fund \$215,000 to an operating deficit escrow account. The funds shall be used for the purposes of funding payment of operating deficits for the period beginning on the rental achievement date and throughout the compliance period.

The Organization agreed to maintain a minimum balance of \$27,816 in a restricted reserve fund as required by the U.S. Department of Agriculture (USDA) for a rental property

### Note 5: Related Party Transactions

There is 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 2018 and 2017 as North Point Chico LP has not had the cash flow to support payments.

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

### Note 6: Grants Receivable

Grants receivable related to the following programs at December 31:

	2018	2017
Federal programs	\$ 589,020	\$ 424,728
State programs	141,786	27,655
<b>Totals</b>	<b>\$ 730,806</b>	<b>\$ 452,383</b>

### Note 7: Inventories and Work in Progress

Inventories consisted of the following at December 31:

	2018	2017
Food commodities	\$ 119,177	\$ 24,503
EES - Weatherization supplies and work in progress	169,995	152,047
<b>Totals</b>	<b>\$ 289,172</b>	<b>\$ 176,550</b>

### Note 8: Property and Equipment

Property and equipment consisted of the following at December 31:

	2018	2017 (Restated)
Land	\$ 1,204,156	\$ 1,204,156
Land improvements	700,135	700,135
Building and building improvements	11,529,581	11,438,996
Equipment	1,075,363	1,033,112
Vehicles	264,201	455,897
<b>Subtotal</b>	<b>14,773,436</b>	<b>14,832,296</b>
Less - Accumulated depreciation	4,200,374	3,926,993
<b>Property and equipment, net</b>	<b>\$ 10,573,062</b>	<b>\$ 10,905,303</b>

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

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### Note 9: Operating Leases

The Organization leases vehicles as part of the operation of its programs. The Organization is required to pay all operating expenses, maintenance costs, repairs, and insurance on the leased vehicles. Rent expense for the years ended December 31, 2018 and 2017, was \$38,052 and \$29,350.

Future minimum lease payments, by year and in the aggregate, on leases having noncancelable terms beyond December 31, 2018, are as follows:

2019	\$	40,749
2020		40,749
2021		36,897
2022		12,762
2023		2,697
<hr/>		
Total	\$	133,854

### Note 10: Notes Payable

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

	2018	2017
Note payable to the USDA, monthly payments of \$2,317, including interest at 5.125%, secured by a warehouse, due in May 2030.	\$ 233,762	\$ 249,162
Note payable to the City of Oroville, monthly payments of \$888 including interest at 5.130%, secured by a warehouse, due in May 2025.	18,176	28,391
HOME loan - North Point entered into a HOME loan agreement in the amount of \$450,000 payable to the City of Chico. The mortgage is secured by the Project, bears interest at 2% per annum, and is payable from residual receipts. The loan matures July 10, 2067, at which time the entire principal and any outstanding interest are due. For the year ended December 31, 2018 and 2017, interest of \$9,000 was incurred and charged to operations. As of December 31, 2018 and 2017, the accrued interest is \$66,415 and \$57,415, respectively.	450,000	450,000

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

### Note 10: Notes Payable (Continued)

	2018	2017
<p>Bond loan - North Point entered into a loan agreement in the amount of \$6,750,000 financed by bonds issued by California Statewide Communities Development Authority from the proceeds of Multifamily Housing Revenue Bonds 2012 Series N ("2012 Series N"). The bonds are secured by the Project. The 2012 Series N bonds bore interest at the variable LIBOR rate during the construction period. During the construction period and before conversion, the 2012 Series N had interest-only payments. On April 15, 2014, the construction loan converted into a permanent loan amounting to \$1,760,000 ("Bond loan"). The mortgage is secured by the Project, bears interest at 5.25% per annum, and is payable over 30 years in monthly principal and interest payments of \$9,719 maturing in July 2044. As of December 31, 2018 and 2017, the outstanding principal is \$1,630,676 and \$1,660,640, respectively, and accrued interest is \$7,153 and \$3,712, respectively.</p>	1,630,676	1,660,640
<p>RDA loan - North Point entered into a loan agreement in the amount of \$4,800,000 with the successor agency to the Chico Redevelopment Agency ("RDA"). The mortgage is secured by the Project, bears interest at 2% per annum, and is payable from residual receipts as defined in the loan agreement. The loan matures September 26, 2068, at which time the entire principal and any outstanding interest are due. For the year ended December 31, 2018, interest of \$96,000 was incurred and charged to operations. As of December 31, 2018 and 2017, the accrued interest is \$575,264 and \$479,264, respectively.</p>	4,800,000	4,800,000
<p>AHP loan - North Point entered into an AHP loan agreement in the amount of \$500,000 payable to the Rabobank. The mortgage is secured by the Project and bears no interest and has no principal payments during the loan term. The loan matures July 26, 2028, at which time the entire principal will be forgiven as long as the Project has been operated in compliance with the loans terms.</p>	500,000	500,000
Subtotals	7,632,614	7,688,193
Less - Debt issuance costs	148,818	155,226
Less - Current maturities	57,692	53,548
Total long-term portion	\$ 7,426,104	\$ 7,479,419

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

### Note 10: Notes Payable (Continued)

Scheduled principal payments on long-term debt at December 31, 2018, including current maturities, are summarized as follows:

2019	\$	57,692
2020		58,535
2021		52,982
2022		55,808
2023		58,808
Thereafter		7,348,789
<hr/>		
Totals	\$	7,632,614

### Note 11: Commitments and Contingencies

The Organization 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 Organization.

The following is a summary of contingent long-term debt at December 31, 2018:

	Principal Balance	Accrued Interest
City of Chico Agreement (1)	\$ 1,800,000	\$ 1,308,462
City of Chico Land (2)	395,250	460,694
Affordable Housing Program (3)	500,000	-
<hr/>		
Totals	\$ 2,695,250	\$ 1,769,156

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	-
<hr/>		
Total	\$ 2,695,250	\$ 1,654,722

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 11: Commitments and Contingencies** (Continued)

(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 Organization'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 Organization 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 Organization'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.

(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 Organization 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 Organization 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 Organization 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 Organization had grant commitments under various grants of approximately \$4,280,000 as of December 31, 2018. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 11: Commitments and Contingencies** (Continued)

The Organization's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner.

### **Note 12: Disaster Relief & Recovery - Camp Fire**

From November 8, 2018 to November 25, 2018 the Camp Fire burned in Paradise, CA and nearby areas of Butte County, displacing over 50,000 people. The Organization provided disaster relief throughout and following the fire. While operating in disaster response mode, the Organization received unusual one-time donations contributing to the disaster relief and recovery effort. These donations received in 2018 are used in both 2018 and 2019 disaster relief and recovery efforts.

### **Note 13: Retirement Plan**

The Organization has established a tax deferred pension plan pursuant to Section 403(B) of the Internal Revenue Code. Annual contributions by the Organization are equal up to 6.25% of each eligible employee's salary. Employees who have been employed by the Organization and worked over 1,000 hours during one year are eligible. The Organization's contribution to the plan during the year ended December 31, 2018 and 2017, were \$66,911 and \$63,747, respectively.

### **Note 14: Management Agreement**

The Project's low-income housing property is managed by Community Housing Improvement Program, Inc., an unrelated party, pursuant to a management agreement that provides for a management fee of \$57 per unit per month. During the years ended December 31, 2018 and 2017, \$34,800 and \$34,200 was incurred and paid, respectively.

### **Note 15: Economic Concentration**

The Organization operates a 50-unit apartment project located in Chico, California. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.



# Community Action Agency of Butte County, Inc.

## Notes to Consolidated Financial Statements

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### Note 16: Lessor Activity

The Organization owns a housing project that contains facilities for low-income families. A summary of the acquisition costs and accumulated depreciation on the properties is as follows as of December 31:

	2018	2017
Land	\$ 706,423	\$ 706,423
Land improvements	700,135	700,135
Buildings and improvements	7,655,350	7,645,812
Furniture, fixtures and equipment	888,136	881,557
Subtotal	9,950,044	9,933,927
Accumulated depreciation	(2,174,347)	(1,837,959)
Investment in rental property, net	\$ 7,775,697	\$ 8,095,968

Rental income on the housing projects for the year ended December 31, 2018 and 2017, was \$402,122 and \$390,438, which was net of vacancies and concessions of \$10,048 and \$10,957, respectively.

## **Supplementary Information**

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# Community Action Agency of Butte County, Inc.

## Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>US DEPARTMENT OF AGRICULTURE</b>			
<b>Food Distribution Cluster</b>			
<b>Passed through California State Department of Social Services</b>			
Emergency Food Assistance Program	10.568	MOU-00108 17/18	\$ 84,628
Emergency Food Assistance Program		MOU-00108 18/19	33,187
<b>Total CFDA #10.568</b>			<b>117,815</b>
<b>NON-MONETARY ASSISTANCE</b>			
<b>Passed through California State Department of Social Services</b>			
Emergency Food Assistance Program (Food Commodities)	10.569	MOU-00108 17/18	442,395
Emergency Food Assistance Program (Food Commodities)		MOU-00108 18/19	117,296
<b>Total CFDA #10.569</b>			<b>559,691</b>
<b>Total Food Distribution Cluster CFDA #10.568 and 10.569</b>			<b>677,506</b>
<b>Total US Department of Agriculture</b>			<b>677,506</b>
<b>Passed through the City of Chico</b>			
<b>CDBG - Entitlement Grants Cluster</b>			
Community Development Block Grant	14.218	L-AGR-1-21-38 17-18	13,103
Community Development Block Grant		L-AGR-1-21-38 18-19	13,000
<b>Total CDBG - Entitlement Grants Cluster CFDA #14.218</b>			<b>26,103</b>
<b>Passed through State of California Department of Housing and Community Development</b>			
Federal Emergency Shelter Grant Program	14.231	16-ESG-11077	<b>104,388</b>
<b>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - Direct Award</b>			
Supportive Housing Program (SHP) - HMIS	14.235	CA0303L9T191609	81,873
Supportive Housing Program (SHP) - HMIS		CA0303L9T191710	35,211
<b>Total CFDA #14.235</b>			<b>117,084</b>
<b>Total US Department of Housing and Urban Development</b>			<b>247,575</b>
<b>DEPARTMENT OF ENERGY</b>			
<b>Passed through State of California Department of Community Service and Development</b>			
Weatherization Assistance Program	81.042	17C-4002	69,539
<b>Total US Department of Energy</b>			<b>69,539</b>

# Community Action Agency of Butte County, Inc.

## Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2018

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>US DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
<b>Passed through State of California Department of Community Service and Development</b>			
Community Services Block Grant	93.569	18F-5005	\$ 368,963
Community Services Block Grant		19F-4403	11,627
<b>Total CFDA # 93.569</b>			<b>380,590</b>
<b>Passed through State of California Department of Community Service and Development</b>			
Low Income Energy Assistance	93.568	16B-4003	8,306
Low Income Energy Assistance		17B-3003	112,332
Low Income Energy Assistance		18B-4003	2,099,507
Low Income Energy Assistance		19B-5003	100,985
<b>Total CFDA #93.568</b>			<b>2,321,130</b>
<b>Total US Department of Health and Human Services</b>			<b>2,701,720</b>
<b>Total Expenditures of Federal awards</b>			<b>\$ 3,696,340</b>

See Independent Auditor's Report.

See Notes to Shedule of Expenditures of Federal Awards.

# Community Action Agency of Butte County, Inc.

## Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

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### **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, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")*. 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. and Subsidiary

## Consolidating Schedule of Financial Position

December 31, 2018

	Community Action Agency of Butte County, Inc.	CAA North Point Chico	Eliminations	Consolidated
<b>Current assets:</b>				
Cash and cash equivalents	\$ 510,281	\$ 213,834	\$ -	\$ 724,115
Grants receivable	768,600	-	(37,794)	730,806
Accounts receivable	75,079	4,237	-	79,316
Inventories and work in progress	289,172	-	-	289,172
Prepaid expenses	102,741	385	-	103,126
<b>Total current assets</b>	<b>1,745,873</b>	<b>218,456</b>	<b>(37,794)</b>	<b>1,926,535</b>
<b>Other assets:</b>				
Restricted Cash	24,592	408,146	-	432,738
Restricted reserve funds - USDA	27,816	-	-	27,816
Tax credit monitoring fees, net	-	16,022	-	16,022
Prepaid expenses	89,774	-	-	89,774
<b>Total other assets</b>	<b>142,182</b>	<b>424,168</b>	<b>-</b>	<b>566,350</b>
<b>Property and equipment, net</b>	<b>2,797,365</b>	<b>7,775,697</b>	<b>-</b>	<b>10,573,062</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,685,420</b>	<b>\$ 8,418,321</b>	<b>\$ (37,794)</b>	<b>\$ 13,065,947</b>
<b>Current liabilities:</b>				
Accounts payable	\$ 380,687	\$ 25,064	\$ -	\$ 405,751
Accrued payroll and related	130,139	8,425	-	138,564
Tenants' security deposits liability	-	48,738	-	48,738
Deposits and trust funds payable	25,581	-	-	25,581
Annual fee to limited partner	-	1,247	-	1,247
Commodities inventory - Advanced	119,177	-	-	119,177
Deferred revenue	216,736	-	-	216,736
Accrued vacation	72,552	-	-	72,552
Current portion of long-term debt	26,140	31,552	-	57,692
<b>Total Current Liabilities</b>	<b>971,012</b>	<b>115,026</b>	<b>-</b>	<b>1,086,038</b>
<b>Long-term liabilities:</b>				
Long-term debt, net	225,797	7,200,307	-	7,426,104
Accrued interest	-	648,832	-	648,832
Developer's fees payable	-	433,734	(433,734)	-
<b>Total Long-term Liabilities</b>	<b>225,797</b>	<b>8,282,873</b>	<b>(433,734)</b>	<b>8,074,936</b>
<b>Total Liabilities</b>	<b>1,196,809</b>	<b>8,397,899</b>	<b>(433,734)</b>	<b>9,160,974</b>
<b>Net assets:</b>				
Without donor restrictions	490,089	-	395,940	886,029
Controlling interest	-	10	-	10
Noncontrolling interest	-	20,412	-	20,412
<b>Without donor restrictions - board designated:</b>				
Restricted reserve funds	27,804	-	-	27,804
Prepaid lease costs	173,353	-	-	173,353
Property and equipment	2,797,365	-	-	2,797,365
<b>Total Net Assets</b>	<b>3,488,611</b>	<b>20,422</b>	<b>395,940</b>	<b>3,904,973</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,685,420</b>	<b>\$ 8,418,321</b>	<b>(\$ 37,794)</b>	<b>\$ 13,065,947</b>

See Independent Auditor's Report

# Community Action Agency of Butte County, Inc. and Subsidiary

## Consolidating Schedule of Activities

Year Ended December 31, 2018

	Community Action Agency of Butte County, Inc.	CAA North Point Chico	Eliminations	Consolidated
Revenue:				
Contracts and grants - Federal	\$ 3,408,150	\$ -	\$ -	\$ 3,408,150
Contracts and grants - Non-federal	1,346,827	-	-	1,346,827
Commodities - Federal	559,682	-	-	559,682
In-kind contributions	617,597	-	-	617,597
Donations	419,746	-	-	419,746
Other income	72,603	10,396	-	82,999
Rent, Net of vacancy	188,605	402,122	-	590,727
Gain from sale of assets	34,467	-	-	34,467
Food programs - Other	14,733	-	-	14,733
<b>Total revenue</b>	<b>6,662,410</b>	<b>412,518</b>	<b>-</b>	<b>7,074,928</b>
Operating expenses:				
Program expenses:				
Food and nutrition program	1,048,684	-	-	1,048,684
Community programs	735,902	-	-	735,902
Energy/weatherization	3,277,655	-	-	3,277,655
Esplanade house	810,831	-	-	810,831
Housing	( 37,794)	687,933	37,794	687,933
<b>Total program expenses</b>	<b>5,835,278</b>	<b>687,933</b>	<b>37,794</b>	<b>6,561,005</b>
<b>Management and general expense</b>	<b>555,787</b>	<b>103,920</b>	<b>-</b>	<b>659,707</b>
<b>Total expenses</b>	<b>6,391,065</b>	<b>791,853</b>	<b>37,794</b>	<b>7,220,712</b>
Change in net assets	271,345	( 379,335)	(37,794)	( 145,784)
Net assets - December 31, 2017, as previously stated	3,217,266	0	0	3,217,266
Prior period adjustment	0	399,757	433,734	833,491
Net assets - December 31, 2017, as restated	3,217,266	399,757	433,734	4,050,757
<b>Net assets - December 31, 2018</b>	<b>\$ 3,488,611</b>	<b>\$ 20,422</b>	<b>\$ 395,940</b>	<b>\$ 3,904,973</b>

See Independent Auditor's Report

# Community Action Agency of Butte County, Inc.

## Supplemental Statement of Revenue and Expenditures

Contract #19F-4403 - CSBG DISCRETIONARY

For the Period January 1 through December 31, 2018

	1/1/18 - 6/30/18	7/1/18 - 12/31/18	Total Audited Costs	Total Reported Expenses	Total Grant Budget
<b>REVENUE</b>					
Grant revenue	\$ -	\$ 11,627	\$ 11,627		\$ 160,000
<b>Total revenue</b>	<b>\$ -</b>	<b>\$ 11,627</b>	<b>\$ 11,627</b>		<b>\$ 160,000</b>
<b>EXPENDITURES</b>					
<b>Administration:</b>					
Wages	\$ -	-	-	-	\$ 2,530
Fringe	-	-	-	-	443
Operating expense	-	-	-	-	1,000
Equipment	-	-	-	-	-
Out of state travel	-	-	-	-	-
Other costs	-	-	-	-	-
<b>Total administration costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,973</b>
<b>Program:</b>					
Wages	-	-	-	-	27,970
Fringe	-	-	-	-	4,895
Operating expense	-	807	807	807	13,162
Equipment	-	-	-	-	15,000
Out of state travel	-	-	-	-	-
Subcontractor/Consultant services	-	10,820	10,820	10,820	10,820
Other costs	-	-	-	-	84,180
<b>Total program costs</b>	<b>-</b>	<b>11,627</b>	<b>11,627</b>	<b>11,627</b>	<b>156,027</b>
<b>Total costs</b>	<b>\$ -</b>	<b>\$ 11,627</b>	<b>\$ 11,627</b>	<b>\$ 11,627</b>	<b>\$ 160,000</b>

See Independent Auditor's Report.



# Community Action Agency of Butte County, Inc.

## Supplemental Statement of Revenue and Expenditures

Contract #18F-5005 - CSBG

For the Period January 1 through December 31, 2018

	1/1/18 - 6/30/18	7/1/18 - 12/31/18	Total Audited Costs	Total Reported Expenses	Total Grant Budget
<b>REVENUE</b>					
Grant revenue	\$ 173,431	\$ 161,251	\$ 334,682		\$ 365,451
<b>Total revenue</b>	<b>\$ 173,431</b>	<b>\$ 161,251</b>	<b>\$ 334,682</b>		<b>\$ 365,451</b>
<b>EXPENDITURES</b>					
Administration:					
Wages	\$ 94,789	77,333	\$ 172,122	\$ 172,122	\$ 197,429
Fringe	18,106	15,944	34,050	34,050	39,250
Operating expense	15,400	13,500	28,900	28,900	28,900
Equipment	912	1,692	2,604	2,604	2,604
Out of state travel	-	698	698	698	699
Contract/Consultant services	35,030	9,850	44,880	44,880	44,881
Other costs	-	1,106	1,106	1,106	1,106
<b>Total administration costs</b>	<b>164,237</b>	<b>120,123</b>	<b>284,360</b>	<b>284,360</b>	<b>314,869</b>
Program:					
Wages	-	-	-	-	-
Fringe	-	-	-	-	-
Operating expense	8,794	32,187	40,981	40,981	41,239
Equipment	400	8,342	8,742	8,742	8,743
Out of state travel	-	-	-	-	-
Subcontractor/Consultant services	-	-	-	-	-
Other costs	-	599	599	599	600
<b>Total program costs</b>	<b>9,194</b>	<b>41,128</b>	<b>50,322</b>	<b>50,322</b>	<b>50,582</b>
<b>Total costs</b>	<b>\$ 173,431</b>	<b>\$ 161,251</b>	<b>\$ 334,682</b>	<b>\$ 334,682</b>	<b>\$ 365,451</b>

See Independent Auditor's Report.

# Community Action Agency of Butte County, Inc.

## Supplemental Statement of Revenue and Expenditures

Contract #18F-5005 - CSBG DISCRETIONARY

For the Period January 1 through December 31, 2018

	1/1/18 - 6/30/18	7/1/18 - 12/31/18	Total Audited Costs	Total Reported Expenses	Total Grant Budget
<b>REVENUE</b>					
Grant revenue	\$ 3,409	\$ 30,872	\$ 34,281		\$ 35,000
<b>Total revenue</b>	<b>\$ 3,409</b>	<b>\$ 30,872</b>	<b>\$ 34,281</b>		<b>\$ 35,000</b>
<b>EXPENDITURES</b>					
<b>Administration:</b>					
Wages	\$ -	-	\$ -	\$ -	\$ -
Fringe	-	-	-	-	-
Operating expense	-	-	-	-	-
Equipment	-	-	-	-	-
Out of state travel	-	-	-	-	-
Contract/Consultant services	-	-	-	-	-
Other costs	-	-	-	-	-
<b>Total administration costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Program:</b>					
Wages	538	15,206	15,744	15,744	14,894
Fringe	86	2,873	2,959	2,959	2,606
Operating expense	2,785	12,793	15,578	15,578	17,500
Equipment	-	-	-	-	-
Out of state travel	-	-	-	-	-
Subcontractor/Consultant services	-	-	-	-	-
Other costs	-	-	-	-	-
<b>Total program costs</b>	<b>3,409</b>	<b>30,872</b>	<b>34,281</b>	<b>34,281</b>	<b>35,000</b>
<b>Total costs</b>	<b>\$ 3,409</b>	<b>\$ 30,872</b>	<b>\$ 34,281</b>	<b>\$ 34,281</b>	<b>\$ 35,000</b>

See Independent Auditor's Report.

# Community Action Agency of Butte County, Inc.

## Supplemental Statement of Revenue and Expenditures

Contract #19B-5003 - Weatherization

For the Period January 1 through December 31, 2018

	1/1/18 - 6/30/18	7/1/18 - 12/31/18	Total Audited Costs	Total Reported Expenses	Total Grant Budget
<b>REVENUE</b>					
Grant revenue	\$ -	\$ 17,675	\$ 17,675		\$ 847,979
<b>Total revenue</b>	<b>\$ -</b>	<b>\$ 17,675</b>	<b>\$ 17,675</b>		<b>\$ 847,979</b>
<b>EXPENDITURES</b>					
Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Assurance	-	-	-	-	-
<b>Total A-16/ECIP/HEAP Administration Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Program:					
Intake	-	-	-	-	67,838
Outreach	-	-	-	-	42,399
Training	-	-	-	-	42,399
Direct Program Sec #165	-	17,675	17,675	17,675	695,343
<b>Total program costs</b>	<b>-</b>	<b>17,675</b>	<b>17,675</b>	<b>17,675</b>	<b>847,979</b>
<b>Total costs</b>	<b>\$ -</b>	<b>\$ 17,675</b>	<b>\$ 17,675</b>	<b>\$ 17,675</b>	<b>\$ 847,979</b>

See Independent Auditor's Report.

# Community Action Agency of Butte County, Inc.

## Supplemental Statement of Revenue and Expenditures

Contract #19B-5003 - EHA-16 (ECIP)

For the Period January 1 through December 31, 2018

	1/1/18 - 6/30/18	7/1/18 - 12/31/18	Total Audited Costs	Total Reported Expenses	Total Grant Budget
<b>REVENUE</b>					
Grant revenue	\$ -	\$ 83,310	\$ 83,310		\$ 1,667,342
<b>Total revenue</b>	<b>\$ -</b>	<b>\$ 83,310</b>	<b>\$ 83,310</b>		<b>\$ 1,667,342</b>
<b>EXPENDITURES</b>					
Administration	\$ -	\$ 3,056	\$ 3,056	\$ 3,056	\$ 170,292
Assurance	-	1,125	1,125	1,125	170,292
<b>Total administration costs</b>	<b>-</b>	<b>4,181</b>	<b>4,181</b>	<b>4,181</b>	<b>340,584</b>
<b>Program:</b>					
Intake	-	5,888	5,888	5,888	163,293
Outreach	-	3,547	3,547	3,547	102,058
ECIP Heating & Cooling	-	101	101	101	40,823
Program service costs	-	69,593	69,593	69,593	1,020,584
<b>Total program costs</b>	<b>-</b>	<b>79,129</b>	<b>79,129</b>	<b>79,129</b>	<b>1,326,758</b>
<b>Total costs</b>	<b>\$ -</b>	<b>\$ 83,310</b>	<b>\$ 83,310</b>	<b>\$ 83,310</b>	<b>\$ 1,667,342</b>

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, 2018

	Previous Year's Expenditures	1/1/18 - 6/30/18	7/1/18 - 12/31/18	Total Audited Costs	Total Reported Expenses	Total Grant Budget
<b>REVENUE</b>						
Grant revenue	\$ 8,244	\$ 696,787	\$ 612,119	\$ 1,317,150		\$ 1,317,150
<b>Total revenue</b>	<b>\$ 8,244</b>	<b>\$ 696,787</b>	<b>\$ 612,119</b>	<b>\$ 1,317,150</b>		<b>\$ 1,317,150</b>
<b>EXPENDITURES</b>						
Administration	\$ 5,898	\$ 39,968	\$ 33,886	\$ 79,752	\$ 79,752	\$ 151,000
Assurance	16	5,622	11,861	17,499	17,499	151,000
<b>Total administrative costs</b>	<b>5,914</b>	<b>45,590</b>	<b>45,747</b>	<b>97,251</b>	<b>97,251</b>	<b>302,000</b>
<b>Program:</b>						
Intake	-	40,608	34,920	75,528	75,528	135,886
Outreach	1,476	21,118	12,398	34,992	34,992	84,928
Training & Technical Assistance	-	3,216	7,270	10,486	10,486	33,971
<b>Program service costs</b>	<b>854</b>	<b>586,255</b>	<b>511,784</b>	<b>1,098,893</b>	<b>1,098,893</b>	<b>760,365</b>
<b>Total program costs</b>	<b>2,330</b>	<b>651,197</b>	<b>566,372</b>	<b>1,219,899</b>	<b>1,219,899</b>	<b>1,015,150</b>
<b>Total costs</b>	<b>\$ 8,244</b>	<b>\$ 696,787</b>	<b>\$ 612,119</b>	<b>\$ 1,317,150</b>	<b>\$ 1,317,150</b>	<b>\$ 1,317,150</b>

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, 2018

	Previous Year's Expenditures	1/1/18 - 6/30/18	7/1/18 - 12/31/18	Total Audited Costs	Total Reported Expenses	Total Grant Budget
<b>REVENUE</b>						
Grant revenue	\$ 70,815	\$ 378,056	\$ 412,545	\$ 861,416		\$ 861,416
<b>Total revenue</b>	<b>\$ 70,815</b>	<b>\$ 378,056</b>	<b>\$ 412,545</b>	<b>\$ 861,416</b>		<b>\$ 861,416</b>
<b>EXPENDITURES</b>						
Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assurance	-	-	-	-	-	-
<b>Total administrative costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Program:</b>						
Intake	2,514	16,774	10,643	29,931	29,931	68,913
Outreach	2,480	14,890	16,538	33,908	33,908	43,071
Training & Technical Assistance	1,819	15,394	9,692	26,905	26,905	43,071
<b>Program service costs</b>	<b>64,002</b>	<b>330,998</b>	<b>375,672</b>	<b>770,672</b>	<b>770,672</b>	<b>706,361</b>
<b>Total program costs</b>	<b>70,815</b>	<b>378,056</b>	<b>412,545</b>	<b>861,416</b>	<b>861,416</b>	<b>861,416</b>
<b>Total costs</b>	<b>\$ 70,815</b>	<b>\$ 378,056</b>	<b>\$ 412,545</b>	<b>\$ 861,416</b>	<b>\$ 861,416</b>	<b>\$ 861,416</b>

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, 2018

	Previous Year's Expenditures	1/1/18 - 6/30/18	7/1/18 - 12/31/18	Total Audited Costs	Total Reported Expenses	Total Grant Budget
<b>REVENUE</b>						
Grant revenue	\$ 551,198	\$ -	\$ -	\$ 551,198		\$ 551,198
<b>Total revenue</b>	<b>\$ 551,198</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 551,198</b>		<b>\$ 551,198</b>
<b>EXPENDITURES</b>						
Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assurance	-	-	-	-	-	-
<b>Total A-16/ECIP/HEAP Administration Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Program:						
Intake	42,676	-	-	42,676	42,676	44,096
Outreach	27,560	-	-	27,560	27,560	27,560
Training	18,642	-	-	18,642	18,642	20,000
Direct Program Sec #210 Line 113	244,833	-	-	244,833	244,833	240,000
Direct other program	131,813	-	-	131,813	131,813	106,542
Liability insurance	7,047	-	-	7,047	7,047	13,000
General operating	29,974	-	-	29,974	29,974	40,000
Vehicle and equipment	48,653	-	-	48,653	48,653	60,000
Workers compensation	-	-	-	-	-	-
<b>Total program costs</b>	<b>551,198</b>	<b>-</b>	<b>-</b>	<b>551,198</b>	<b>551,198</b>	<b>551,198</b>
<b>Total costs</b>	<b>\$ 551,198</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 551,198</b>	<b>\$ 551,198</b>	<b>\$ 551,198</b>

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, 2018

	Previous Year's Expenditures	1/1/18 - 6/30/18	7/1/18 - 12/31/18	Total Audited Costs	Total Reported Expenses	Total Grant Budget
<b>REVENUE</b>						
Grant revenue	\$ 1,093,099	\$ 112,332	\$ -	\$ 1,205,431		\$ 1,205,431
<b>Total revenue</b>	<b>\$ 1,093,099</b>	<b>\$ 112,332</b>	<b>\$ -</b>	<b>\$ 1,205,431</b>		<b>\$ 1,205,431</b>
<b>EXPENDITURES</b>						
Administration	\$ 23,351	\$ 4,968	\$ -	\$ 28,319	\$ 28,319	\$ 33,000
Administrative Equipment	5,617	-	-	5,617	5,617	5,617
Administrative Out of State Travel	1,871	-	-	1,871	1,871	1,872
Assurance	66,845	-	-	66,845	66,845	66,845
<b>Total A-16/ECIP/HEAP Administration Costs</b>	<b>97,684</b>	<b>4,968</b>	<b>-</b>	<b>102,652</b>	<b>102,652</b>	<b>107,334</b>
<b>Program:</b>						
Intake	94,631	5,954	-	100,585	100,585	100,585
Outreach	55,481	-	-	55,481	55,481	55,481
Training & Technical Assistance	8,606	3,394	-	12,000	12,000	12,000
Major Equip >5000	25,000	-	-	25,000	25,000	25,000
Minor Equip <5000	8,044	48	-	8,092	8,092	10,000
Liability Insurance	10,442	1,461	-	11,903	11,903	12,000
General Operating Costs	27,222	8,350	-	35,572	35,572	45,000
Automation Supplemental (IT)	11,355	162	-	11,517	11,517	19,000
ECIP	465,336	22,780	-	488,116	488,116	427,774
SWEATS	-	-	-	-	-	-
WPO	238,642	28,831	-	267,473	267,473	265,257
Other	50,656	36,384	-	87,040	87,040	126,000
<b>Total program costs</b>	<b>995,415</b>	<b>107,364</b>	<b>-</b>	<b>1,102,779</b>	<b>1,102,779</b>	<b>1,098,097</b>
<b>Total costs</b>	<b>\$ 1,093,099</b>	<b>\$ 112,332</b>	<b>\$ -</b>	<b>\$ 1,205,431</b>	<b>\$ 1,205,431</b>	<b>\$ 1,205,431</b>

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, 2018

	Previous Year's Expenditures	1/1/18 - 6/30/18	7/1/18 - 12/31/18	Total Audited Costs	Total Reported Expenses	Total Grant Budget
<b>REVENUE</b>						
Grant revenue	\$ 666,153	\$ -	\$ -	\$ 666,153		\$ 666,153
<b>Total revenue</b>	<b>\$ 666,153</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 666,153</b>		<b>\$ 666,153</b>
<b>EXPENDITURES</b>						
Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total administration costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Program:</b>						
Intake	6,067	-	-	6,067	6,067	6,069
Outreach	33,308	-	-	33,308	33,308	33,308
Training	20,004	-	-	20,004	20,004	20,004
Out-of-state travel	1,210	-	-	1,210	1,210	1,210
Direct Program Sec #210 Line 113	303,346	-	-	303,346	303,346	307,554
Liability insurance	514	-	-	514	514	-
General operating	241,449	-	-	241,449	241,449	237,665
Vehicle and equipment	60,255	-	-	60,255	60,255	60,343
Workers compensation	-	-	-	-	-	-
<b>Total program costs</b>	<b>666,153</b>	<b>-</b>	<b>-</b>	<b>666,153</b>	<b>666,153</b>	<b>666,153</b>
<b>Total costs</b>	<b>\$ 666,153</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 666,153</b>	<b>\$ 666,153</b>	<b>\$ 666,153</b>

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, 2018

	Previous Year's Expenditures	1/1/18 - 6/30/18	7/1/18 - 12/31/18	Total Audited Costs	Total Reported Expenses	Total Grant Budget
<b>REVENUE</b>						
Grant revenue	\$ 1,394,253	\$ 8,306	\$ -	\$ 1,402,559		\$ 1,402,559
<b>Total revenue</b>	<b>\$ 1,394,253</b>	<b>\$ 8,306</b>	<b>\$ -</b>	<b>\$ 1,402,559</b>		<b>\$ 1,402,559</b>
<b>EXPENDITURES</b>						
Administration	\$ 33,492	\$ -	\$ -	\$ 33,492	\$ 33,492	\$ 33,492
Assurance	490	-	-	490	490	490
Assurance	74,954	46	-	75,000	75,000	75,000
<b>Total administration costs</b>	<b>108,936</b>	<b>46</b>	<b>-</b>	<b>108,982</b>	<b>108,982</b>	<b>108,982</b>
<b>Program:</b>						
Intake	59,838	162	-	60,000	60,000	60,000
Outreach	54,739	261	-	55,000	55,000	55,000
ECIP Heating & Cooling	601,438	6,710	-	608,148	608,148	607,577
ECIP Water Heater	-	-	-	-	-	-
Automation supplemental	25,000	-	-	25,000	25,000	25,000
ECIP Other Costs	-	-	-	-	-	-
ECIP & HEAP WPO	361,012	-	-	361,012	361,012	350,000
HEAP WPO	-	-	-	-	-	-
Equipment	51,573	53	-	51,626	51,626	51,000
General operating	131,717	1,074	-	132,791	132,791	145,000
Liability insurance	-	-	-	-	-	-
Workers compensation	-	-	-	-	-	-
<b>Total program costs</b>	<b>1,285,317</b>	<b>8,260</b>	<b>-</b>	<b>1,293,577</b>	<b>1,293,577</b>	<b>1,293,577</b>
<b>Total costs</b>	<b>\$ 1,394,253</b>	<b>\$ 8,306</b>	<b>\$ -</b>	<b>\$ 1,402,559</b>	<b>\$ 1,402,559</b>	<b>\$ 1,402,559</b>

See Independent Auditor's Report.

# Community Action Agency of Butte County, Inc.

## Supplemental Statement of Revenue and Expenditures

Contract #17C-4002 - DOE

For the Period January 1 through December 31, 2018

	1/1/18 - 6/30/18	7/1/18 - 12/31/18	Total Audited Costs	Total Reported Expenses	Total Grant Budget
<b>REVENUE</b>					
Grant revenue	\$ 2,561	\$ 66,978	\$ 69,539		\$ 494,826
<b>Total revenue</b>	<b>\$ 2,561</b>	<b>\$ 66,978</b>	<b>\$ 69,539</b>		<b>\$ 494,826</b>
<b>EXPENDITURES</b>					
Administration	\$ 292	\$ 3,043	\$ 3,335	\$ 3,335	\$ 26,645
Administrative equipment	-	-	-	-	-
Administrative out-of-state travel	75	1,598	1,673	1,673	1,674
Training and technical assistance	-	1,850	1,850	1,850	40,324
Training and technical assistance (out of state)	825	849	1,674	1,674	1,674
<b>Total administration costs</b>	<b>1,192</b>	<b>7,340</b>	<b>8,532</b>	<b>8,532</b>	<b>70,317</b>
<b>Program:</b>					
Assurance 16			-		
Intake	322	3,199	3,521	3,521	15,000
Liability insurance	84	303	387	387	6,000
Outreach	192	2,429	2,621	2,621	9,000
Direct Program Sec #200	-	27,732	27,732	27,732	251,752
Automation supplemental	28	147	175	175	5,000
Other program costs	373	16,343	16,716	16,716	9,800
Client education			-	-	2,000
Health & Safety Sec #165	-	8,209	8,209	8,209	101,457
General operating	360	1,189	1,549	1,549	22,000
Vehicle and equipment	10	87	97	97	2,500
Workers compensation	-	-	-	-	-
<b>Total program costs</b>	<b>1,369</b>	<b>59,638</b>	<b>61,007</b>	<b>61,007</b>	<b>424,509</b>
<b>Total costs</b>	<b>\$ 2,561</b>	<b>\$ 66,978</b>	<b>\$ 69,539</b>	<b>\$ 69,539</b>	<b>\$ 494,826</b>

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 consolidated financial statements of Community Action Agency of Butte County, Inc., which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated 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 September 24, 2019.

### **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 consolidated 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 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 Community Action Agency of Butte County, Inc. and Subsidiary'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.

*Wipfli LLP*

Wipfli LLP

September 24, 2019  
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, 2018. 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.

Community Action Agency of Butte County, Inc.'s basic financial statements include the operations of CAA North Point Chico, LP, which expended \$102,995 in federal awards, which is not included in Community Action Agency of Butte County, Inc.'s schedule of expenditures of federal awards during the year ended December 31, 2018.

### **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, 2018.

## 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

September 24, 2019  
Madison, Wisconsin

# Community Action Agency of Butte County, Inc. and Subsidiary

## Schedule of Findings and Questioned Costs Year Ended December 31, 2018

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### 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>
93.568	Low Income Housing Energy Assistance Program

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.