

CROWLEY'S RIDGE DEVELOPMENT COUNCIL, INC.

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

APRIL 30, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Crowley's Ridge Development Council, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of April 30, 2019, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Crowley's Ridge Development Council, Inc. as of April 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

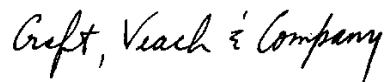
Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 11-12, program schedules on pages 13-24, schedule of state awards on page 26, and schedule of units of service on page 27 are presented for purposes of additional analysis and are not required parts of the consolidated financial statements. The accompanying schedule of expenditures of federal awards on page 25, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2019, on our consideration of Crowley's Ridge Development Council, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crowley's Ridge Development Council, Inc.'s internal control over financial reporting and compliance.



Craft, Veach & Company, PLC
North Little Rock, Arkansas
August 14, 2019

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 1,938,916
Accounts Receivable	953,775
Prepaid Expenses	44,644
Total Current Assets	2,941,706

Noncurrent Assets:

Long-term Investments	117,947
Other Accounts Receivable	24,786
Intercompany Receivable	-
Investments in JLP	19,876
Total Noncurrent Assets	162,609

Property and Equipment, at Cost:

Land	404,349
Buildings and Leasehold Improvements	6,964,566
Machinery and Equipment	2,166,042
Capital Work-In-Progress	905,828
	<u>10,440,785</u>
Accumulated Depreciation	(5,188,498)
Total Property and Equipment, Net of Depreciation	5,252,287

TOTAL ASSETS**8,356,602****LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts Payable	77,143
Accrued Expenses	378,224
Deferred Revenue	290,610
Current Portion of Long-term Debt	987,345
Total Current Liabilities	1,733,322

Long-term Debt, Less Current Portion
Intercompany Payable

2,697,455
-

TOTAL LIABILITIES**4,430,777****NET ASSETS**

Unrestricted Net Assets 3,925,825

TOTAL NET ASSETS**3,925,825****TOTAL LIABILITIES AND NET ASSETS****\$ 8,356,602**

REVENUES, GAINS AND OTHER SUPPORT

Fees, Grants and Federal Awards	\$ 7,083,431
Contributions	859
Public Support	50,306
Program Service Fees	1,204,651
In-Kind Contributions	48,714
Interest Income	1,032
Miscellaneous Income	495,863
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>8,884,856</u>

EXPENSES

Program Services	8,336,300
Management and General	306,958
TOTAL EXPENSES	<u>8,643,258</u>

CHANGE IN UNRESTRICTED NET ASSETS 241,598

UNRESTRICTED NET ASSETS, BEGINNING OF YEAR 3,684,227

UNRESTRICTED NET ASSETS, END OF YEAR \$ 3,925,825

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in unrestricted net assets	\$ 241,598
Items not requiring (providing) operating activities cash flows:	
Depreciation	237,753
(Gain) Loss on disposal of assets	(800)
Changes in:	
Accounts receivable	104,151
Inventories	1,295
Prepaid expenses	18,446
Accounts payable	(55,498)
Accrued expenses	41,672
Deferred revenue	275,597
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>864,214</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	(262,417)
Proceeds from sale of property and equipment	800
Purchase of investments, net	(1,068)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(262,685)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on long-term debt	112,609
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>112,609</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 714,138

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 1,224,778

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 1,938,916

SUPPLEMENTAL CASH FLOWS INFORMATION:

Interest paid \$ 71,486

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

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

Principles of Consolidation

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

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At April 30, 2019, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

Investments and Investment Return

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

Accounts Receivable

Accounts receivable at April 30, 2019, are predominantly due from various governmental agencies for grants and contracts. These receivables are stated at the amounts to be collected from the grantors subsequent to the consolidated statement of financial position date. Due to the nature of the accounts receivable, the Organization does not consider an allowance for doubtful accounts to be necessary.

Other Receivables

Other receivables at April 30, 2019, consist of amounts due to the Organization for services rendered in previous years. Due to the nature of the accounts receivable, the Organization does not consider an allowance for doubtful accounts to be necessary.

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Property and Equipment***

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

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

Buildings	20-40 years
Leasehold Improvements	5-20 years
Machinery and Equipment	3-10 years

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

Long-lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended April 30, 2019.

Contributions

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

Temporarily and Permanently Restricted Net Assets

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

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

At April 30, 2019, the Organization had no temporarily restricted or permanently restricted net assets.

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***In-Kind Contributions***

In addition to receiving cash contributions, the Organization receives in-kind contributions of personal services, building space and supplies from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its consolidated financial statements and similarly increase contribution revenue by a like amount. For the year ended April 30, 2019, \$48,714 was received in in-kind contributions.

Deferred Revenue

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

Inventory Pricing

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

Government Grants

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

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. Generally, the Organization's tax returns are open for examination by federal and state taxing authorities for three years after they were filed.

Functional Allocation of Expenses

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

Advertising

It is the Organization's policy to expense advertising costs as they are incurred. For the year ended April 30, 2019, advertising costs of \$23,037 are included in the Other Direct Costs expense line item on the Consolidating Schedule – Statement of Activities Information.

NOTE 2: FIXED ASSETS

Fixed assets consist of the following at April 30, 2019:

	<u>Balance</u> <u>4/30/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>4/30/19</u>
Land	\$ 404,349	\$ -	\$ -	\$ 404,349
Buildings	6,964,566	-	-	6,964,566
Equipment	2,203,656	-	(37,614)	2,166,042
Capital Work-In-Progress	643,411	262,417	-	905,828
Total Cost	<u>10,215,982</u>	<u>262,417</u>	<u>(37,614)</u>	<u>10,440,785</u>
Less: Accumulated Depreciation	<u>(4,988,359)</u>	<u>(237,753)</u>	<u>37,614</u>	<u>(5,188,498)</u>
Net Book Value	<u>\$ 5,227,623</u>	<u>\$ 24,664</u>	<u>\$ -</u>	<u>\$ 5,252,287</u>

NOTE 3: LONG-TERM DEBT

Long-term debt at April 30, 2019 consisted of the following:

Note Payable - Due October 17, 2019; payable \$4,937 monthly, including interest at 4.00%; secured by real estate.	\$ 557,072
Note Payable - Due December 15, 2019; payable \$884 monthly, including interest at 5.00%; not secured.	6,916
Note Payable - Due September 19, 2019; payable \$3,575 monthly, including interest at 4.00%; secured by real estate.	246,227
Note Payable - Due April 28, 2024; payable \$5,163 monthly, including interest at 5.50%; secured by real estate.	270,246
Note Payable - Due November 18, 2024; payable \$6,042 monthly, including interest at 5.90%; secured by real estate.	341,591
Note Payable - Due October 1, 2019; payable \$1,067 monthly, including interest at 3.00%; secured by real estate.	5,284
Note Payable - Due July 1, 2033; payable \$1,145 monthly; interest accrues at 1.00% per annum; secured by real estate.	175,020
Note Payable - Due November 19, 2039; annual payments are deferred until November 20, 2019; interest accrues at 1.50% per annum; secured by real estate.	291,000
Note Payable - Due November 19, 2039; annual payments are deferred until November 20, 2019; interest accrues at 1.50% per annum; secured by real estate.	298,000
Note Payable - Due February 28, 2047; payments are deferred until 2 years after the project is completed, including interest at 1.00%; secured by real estate.	1,454,119
Note Payable - Due July 5, 2020; payable \$2,469 monthly, including interest at 5.00%; secured by real estate.	<u>39,325</u>
Total long-term debt	3,684,800
Less: Current portion	<u>(987,345)</u>
Total long-term debt, net of current portion	<u>\$ 2,697,455</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

Aggregate annual maturities of long-term debt at April 30, 2019 are as follows:

<u>April 30,</u>	<u>Amount</u>
2020	\$ 987,345
2021	199,515
2022	201,549
2023	208,946
2024	216,674
Thereafter	<u>1,870,771</u>
	<u>\$ 3,684,800</u>

NOTE 4: PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The Organization has a defined contribution pension plan covering substantially all employees. Employees may contribute any percentage beginning the first of the month subsequent to their hire date. Employees are eligible for employer match contributions after one year of employment and are fully vested at that date. For match, an employee can contribute on a sliding scale from 1 percent to 4 percent of their salary. The employer match will be double the employee's contribution percentage with a maximum match percentage of 8 percent. Pension expense was \$45,403 for the year ended April 30, 2019.

NOTE 5: SIGNIFICANT ESTIMATES AND CONCENTRATIONS

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

- 1) Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash and cash equivalents. The Organization's cash and cash equivalents are invested with local creditworthy, high quality financial institutions. Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. At April 30, 2019, the Organization's cash accounts, net of adequately secured repurchase agreements, did not exceed federally insured limits.
- 2) The Organization is economically dependent upon revenue provided by the U.S. Department of Agriculture, U.S. Department of Housing and Urban Development, U.S. Department of Transportation, U.S. Department of Health and Human Services, and the U.S. Department of Energy. During the year ended April 30, 2019, approximately 87 percent of the Organization's operating revenue was provided by these departments.

NOTE 6: DATE OF MANAGEMENT'S REVIEW

Management of the Organization has evaluated subsequent events through August 14, 2019, the date on which the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

	Crowley's Ridge Development Council, Inc.	Mature Living HSBG, Inc.	Jackson Ltd. Partnership	Eliminations	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,602,000	\$ 319,139	\$ 17,777	\$ -	\$ 1,938,916
Accounts Receivable	955,969	-	778	(2,972)	953,775
Inventories	4,371	-	-	-	4,371
Prepaid Expenses	44,644	-	-	-	44,644
Total Current Assets	2,606,984	319,139	18,555	(2,972)	2,941,706
Noncurrent Assets:					
Long-term Investments	49,091	-	68,856	-	117,947
Other Accounts Receivable	24,786	-	-	-	24,786
Intercompany Receivable	30,000	-	-	(30,000)	-
Investments in JLP	-	19,876	-	-	19,876
Total Noncurrent Assets	103,877	19,876	68,856	(30,000)	162,609
Property and Equipment, at Cost:					
Land	318,649	25,000	60,700	-	404,349
Buildings and Leasehold Improvements	6,132,420	183,377	648,769	-	6,964,566
Machinery and Equipment	2,166,042	-	-	-	2,166,042
Capital Work-In-Progress	905,828	-	-	-	905,828
	9,522,939	208,377	709,469	-	10,440,785
Accumulated Depreciation	(4,716,179)	(148,971)	(323,348)	-	(5,188,498)
Total Property and Equipment, Net of Depreciation	4,806,760	59,406	386,121	-	5,252,287
TOTAL ASSETS	7,517,621	398,421	473,532	(32,972)	8,356,602
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts Payable	73,955	-	6,160	(2,972)	77,143
Accrued Expenses	377,457	-	767	-	378,224
Deferred Revenue	286,951	3,307	352	-	290,610
Current Portion of Long-term Debt	963,860	-	23,485	-	987,345
Total Current Liabilities	1,702,223	3,307	30,764	(2,972)	1,733,322
Long-term Debt	2,408,571	-	288,884	-	2,697,455
Intercompany Payable	-	-	30,000	(30,000)	-
TOTAL LIABILITIES	4,110,794	3,307	349,648	(32,972)	4,430,777
NET ASSETS					
Unrestricted Net Assets	3,406,827	395,114	123,884	-	3,925,825
TOTAL NET ASSETS	3,406,827	395,114	123,884	-	3,925,825
TOTAL LIABILITIES AND NET ASSETS	\$ 7,517,621	\$ 398,421	\$ 473,532	\$ (32,972)	\$ 8,356,602

	Crowley's Ridge Development Council, Inc.	Mature Living HSBG, Inc.	Jackson Ltd. Partnership	Eliminations	Total
REVENUES, GAINS AND OTHER SUPPORT					
Revenues:					
Fees, Grants and Federal Awards	\$ 7,083,431	\$ -	\$ -	\$ -	\$ 7,083,431
Contributions	859	-	-	-	859
Public Support	50,306	-	-	-	50,306
Program Service Fees	1,252,987	42,985	41,347	(132,668)	1,204,651
In-Kind Contributions	48,714	-	-	-	48,714
Total Revenues	<u>8,436,297</u>	<u>42,985</u>	<u>41,347</u>	<u>(132,668)</u>	<u>8,387,961</u>
Gains and Other Support:					
Interest Income	516	-	516	-	1,032
Miscellaneous Income	494,211	-	1,652	-	495,863
Total Gains and Other Support	<u>494,727</u>	<u>-</u>	<u>2,168</u>	<u>-</u>	<u>496,895</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>8,931,024</u>	<u>42,985</u>	<u>43,515</u>	<u>(132,668)</u>	<u>8,884,856</u>
EXPENSES					
Operating Expenses:					
Salaries and Wages	1,649,267	30	8,876	-	1,658,173
Employee Health and Retirement	309,799	-	1,538	-	311,337
Payroll Taxes and Insurance	242,393	2,416	8,533	-	253,342
Professional Fees	534,107	660	6,672	-	541,439
Travel Expenses	21,945	-	-	-	21,945
Occupancy Expenses	535,500	-	8,052	(132,668)	410,884
Renovations and Improvements	(1,688)	9,928	(6)	-	8,234
Energy Crisis and FEMA	2,586,731	-	-	-	2,586,731
Supplies	208,156	-	1,558	-	209,714
Vehicle Operating Expense	92,407	-	941	-	93,348
Telephone	77,354	-	391	-	77,745
Printing and Copying	12,225	-	51	-	12,276
Training Cost	70,008	-	1,286	-	71,294
Postage and Freight	32,358	-	170	-	32,528
Raw Food Cost	56,375	-	-	-	56,375
Contracted Meals Cost	1,833,345	-	-	-	1,833,345
Other Direct Costs	107,181	2,209	(515)	-	108,875
Indirect Costs	(2,639)	-	358	-	(2,281)
Depreciation	215,349	5,399	17,005	-	237,753
Total Operating Expenses	<u>8,580,173</u>	<u>20,642</u>	<u>54,910</u>	<u>(132,668)</u>	<u>8,523,057</u>
Other Expenses:					
Interest Expense	70,538	-	948	-	71,486
Total Other Expenses	<u>70,538</u>	<u>-</u>	<u>948</u>	<u>-</u>	<u>71,486</u>
In-Kind Expenditures:					
Salaries and Wages	29,514	-	-	-	29,514
Occupancy	11,488	-	-	-	11,488
Other	7,713	-	-	-	7,713
Total In-Kind Expenditures	<u>48,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,715</u>
TOTAL EXPENSES	<u>8,699,426</u>	<u>20,642</u>	<u>55,858</u>	<u>(132,668)</u>	<u>8,643,258</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>\$ 231,598</u>	<u>\$ 22,343</u>	<u>\$ (12,343)</u>	<u>\$ -</u>	<u>\$ 241,598</u>

	<u>For the Contract Year Ended September 30, 2018</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/ Under Budget</u>
REVENUES			
Community Services Block Grant	\$ 1,035,054	\$ 604,220	\$ 430,834
EXPENDITURES			
Salaries And Wages	390,193	210,217	179,976
Fringe Benefits	150,016	68,529	81,487
Travel	13,404	10,242	3,162
Supplies	20,374	2,673	17,701
Contractual	55,685	49,541	6,144
Other/Client Services	405,382	263,018	142,364
TOTAL EXPENDITURES	<u>1,035,054</u>	<u>604,220</u>	<u>430,834</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>For the Contract Year Ended June 30, 2018</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/ Under Budget</u>
REVENUES			
Arkansas Energy Office	\$ 245,291	\$ 201,764	\$ 43,527
EXPENDITURES			
Office of Community Services:			
Client Direct Services:			
Contractor Installed Materials and Labor	92,299	22,797	69,502
Off-Site Personnel/Salary	21,821	22,241	(420)
Off-Site Personnel/Fringe	12,541	6,513	6,028
Subtotal Client Direct Services	<u>126,661</u>	<u>51,551</u>	<u>75,110</u>
Program Support:			
Transportation	5,253	7,412	(2,159)
Tools & Equipment	4,450	913	3,537
On-Site Supervisor Salary	12,418	14,295	(1,877)
On-Site Supervisor Fringe	4,837	4,496	341
On-Site Crew Salary	4,637	6,299	(1,662)
On-Site Crew Fringe	8,213	1,761	6,452
Storage of Materials	1,125	1,564	(439)
Subtotal Program Support	<u>40,933</u>	<u>36,740</u>	<u>4,193</u>
Other Expenditures:			
Liability Insurance	5,000	5,000	-
Financial Audit	2,000	2,000	-
Health & Safety	28,492	28,492	-
Administration	29,130	12,700	16,430
T & TA	13,075	12,699	376
Subtotal Other Expenditures	<u>77,697</u>	<u>60,891</u>	<u>16,806</u>
TOTAL EXPENDITURES	<u>245,291</u>	<u>149,182</u>	<u>96,109</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 52,582</u>	<u>\$ (52,582)</u>

	<u>For the Contract Year Ended September 30, 2018</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/ Under Budget</u>
REVENUES			
Arkansas Energy Office	\$ 606,502	\$ 437,900	\$ 168,602
EXPENDITURES			
Office of Community Services:			
Client Direct Services:			
Contractor Installed Materials and Labor	252,540	142,685	109,855
Off-Site Personnel/Salary	21,000	28,288	(7,288)
Off-Site Personnel/Fringe	16,900	8,051	8,849
Subtotal Client Direct Services	<u>290,440</u>	<u>179,024</u>	<u>111,416</u>
Program Support:			
Transportation	13,500	13,800	(300)
Tools & Equipment	5,500	4,858	642
On-Site Supervisor Salary	25,580	27,646	(2,066)
On-Site Supervisor Fringe	9,673	8,796	877
On-Site Crew Salary	39,600	25,233	14,367
On-Site Crew Fringe	35,300	17,006	18,294
Storage of Materials	2,500	2,884	(384)
Subtotal Program Support	<u>131,653</u>	<u>100,223</u>	<u>31,430</u>
Other Expenditures:			
Liability Insurance	4,670	2,842	1,828
Financial Audit	1,557	1,557	-
Health & Safety	92,670	69,295	23,375
Administration	30,312	21,221	9,091
Capital Intensive	55,200	52,720	2,480
Subtotal Other Expenditures	<u>184,409</u>	<u>147,635</u>	<u>36,774</u>
TOTAL EXPENDITURES	<u>606,502</u>	<u>426,882</u>	<u>179,620</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 11,018</u>	<u>\$ (11,018)</u>

	<u>For the Contract Period Ended September 30, 2018</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/ Under Budget</u>
REVENUES			
Arkansas Department of Human Services:			
Winter Regular Assistance	\$ 1,046,295	\$ 1,046,295	\$ -
Winter Crisis Assistance	557,531	557,531	-
Winter Regular Refunded to the State	-	(31,052)	31,052
Winter Crisis Refunded to the State	-	(141,789)	141,789
Winter Administration	136,523	136,523	-
Summer Regular Assistance	1,117,609	800,000	317,609
Summer Crisis Assistance	976,218	525,000	451,218
Summer Administration	155,505	130,306	25,199
Interest Earned	-	765	(765)
TOTAL REVENUES	<u>3,989,681</u>	<u>3,023,579</u>	<u>966,102</u>
EXPENDITURES			
Winter Regular Assistance	1,046,295	924,952	121,343
Winter Crisis Assistance	557,531	594,540	(37,009)
Winter Administration	136,523	127,195	9,328
Summer Regular Assistance	1,117,609	890,291	227,318
Summer Crisis Assistance	976,218	346,202	630,016
Summer Administration	155,505	139,634	15,871
Interest Paid	-	765	(765)
TOTAL EXPENDITURES	<u>3,989,681</u>	<u>3,023,579</u>	<u>966,102</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>Contract Year Ended September 30, 2018</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/ Under Budget</u>
REVENUES			
Child Nutrition Programs	\$ 320,835	\$ 298,664	\$ 22,171
EXPENDITURES			
Administrative Labor	31,617	15,300	16,317
Mileage, Meals & Lodging	709	(8)	717
Office Supplies	250	523	(273)
Printing	200	66	134
Office Equipment	-	130	(130)
Postage	300	174	126
Telephone	450	241	209
Office Rent & Maintenance	1,000	1,015	(15)
Utilities	450	-	450
Consultant Services	1,350	1,146	204
Provider Training	100	250	(150)
Staff Training & Development	-	21	(21)
Insurance	450	306	144
USDA Reimbursements	277,059	260,378	16,681
Miscellaneous	6,900	4,631	2,269
TOTAL EXPENDITURES	<u>320,835</u>	<u>284,173</u>	<u>36,662</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 14,491</u>	<u>\$ (14,491)</u>

	<u>Contract Year Ended September 30, 2018</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/ Under Budget</u>
REVENUES			
Special Nutrition Program	\$ 1,289,248	\$ 1,682,836	\$ (393,588)
EXPENDITURES			
Administrative Labor	61,591	86,919	(25,328)
Mileage, Meals & Lodging	1,034	1,506	(472)
Office Supplies	425	3,770	(3,345)
Telephone	750	1,360	(610)
Rent	3,500	5,631	(2,131)
Utilities	750	-	750
Printing	800	373	427
Postage	700	981	(281)
Consultant Services	4,650	6,456	(1,806)
Provider Training	200	1,406	(1,206)
Staff Training	-	118	(118)
Insurance	2,500	1,726	774
Miscellaneous	25,100	26,095	(995)
USDA Reimbursed to Centers	1,187,248	1,481,287	(294,039)
TOTAL EXPENDITURES	<u>1,289,248</u>	<u>1,617,628</u>	<u>(328,380)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 65,208</u>	<u>\$ (65,208)</u>

	<u>For the Contract Year Ended June 30, 2018</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/ Under Budget</u>
REVENUES			
Bureau of Alcohol & Drug Abuse Prevention	\$ 131,736	\$ 131,736	\$ -
EXPENDITURES			
Salaries	64,641	64,641	-
Fringe	19,246	19,246	-
Maintenance & Operation	22,482	22,482	-
Conference and Travel	11,173	11,173	-
Professional Fees/Services	2,350	2,350	-
Indirect Costs	11,844	11,844	-
TOTAL EXPENDITURES	<u>131,736</u>	<u>131,736</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

	<u>For the Contract Year Ended June 30, 2018</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/ Under Budget</u>
REVENUES			
Bureau of Alcohol & Drug Abuse Prevention	\$ 182,736	\$ 182,736	\$ -
EXPENDITURES			
Salaries	66,201	66,201	-
Fringe	21,875	21,875	-
Maintenance & Operation	56,540	56,540	-
Conference and Travel	18,520	18,520	-
Professional Fees/Services	3,500	3,500	-
Indirect Costs	16,100	16,100	-
TOTAL EXPENDITURES	<u>182,736</u>	<u>182,736</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

For the Contract Year Ended September 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/ Under Budget</u>
REVENUES			
Arkansas State Highway & Transportation Dept.	\$ 89,200	\$ 46,769	\$ 42,431
Match	22,300	33,000	(10,700)
TOTAL REVENUES	<u>111,500</u>	<u>79,769</u>	<u>31,731</u>
EXPENDITURES			
Arkansas State Highway & Transportation Dept.:			
Salaries & Fringes	55,000	30,021	24,979
Purchase of Service	2,000	1,889	111
Communications	8,000	3,590	4,410
Building Costs	6,500	3,523	2,977
Travel	1,000	633	367
Supplies/Software	3,000	1,147	1,853
Dues, Taxes, Fees & Training	15,000	8,001	6,999
Insurance	20,000	9,595	10,405
Office Equipment	1,000	62	938
TOTAL EXPENDITURES	<u>111,500</u>	<u>58,461</u>	<u>53,039</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 21,308</u>	<u>\$ (21,308)</u>

	<u>For the Contract Year Ended September 30, 2018</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/ Under Budget</u>
REVENUES			
Arkansas State Highway & Transportation Dept.	\$ 160,500	\$ 64,357	\$ 96,143
Donations	160,500	87,371	73,129
Fares	20,000	22,005	(2,005)
TOTAL REVENUES	<u>341,000</u>	<u>173,733</u>	<u>167,267</u>
EXPENDITURES			
Arkansas State Highway & Transportation Dept.:			
Salaries & Fringes	200,000	122,330	77,670
Fuel/Oil	100,000	22,295	77,705
Uniforms	1,000	209	791
Communications	8,500	3,741	4,759
Building Costs	6,000	1,422	4,578
Travel	500	50	450
Vehicle Maintenance	20,000	442	19,558
Dues, Taxes, Fees & Training	5,000	229	4,771
TOTAL EXPENDITURES	<u>341,000</u>	<u>150,718</u>	<u>190,282</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 23,015</u>	<u>\$ (23,015)</u>

For the Contract Year Ended September 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/ Under Budget</u>
REVENUES			
Arkansas State Highway & Transportation Dept.	\$ 28,240	\$ 11,075	\$ 17,165
Match	14,117	9,825	4,292
TOTAL REVENUES	<u>42,357</u>	<u>20,900</u>	<u>21,457</u>
EXPENDITURES			
Arkansas State Highway & Transportation Dept.:			
Preventive Maintenance	35,300	13,843	21,457
Vehicle Purchase	7,057	7,057	-
TOTAL EXPENDITURES	<u>42,357</u>	<u>20,900</u>	<u>21,457</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUBSTANCE ABUSE PREVENTION PROGRAMS
RESIDENTIAL/OUTPATIENT AND CHEMICAL FREE LIVING
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2019**

	For the Contract Year Ended June 30, 2018		
	Budget	Actual	Actual (Over)/ Under Budget
REVENUES			
Client Room and Board	\$ 36,000	\$ 30,341	\$ 5,659
Mid-South Contract	540,000	486,663	53,337
Emergency Shelter Grant	17,004	9,716	7,288
Private Pay Fees	42,888	37,314	5,574
Federal Courts Contract	30,000	126,714	(96,714)
Court Costs and Drug Court	12,000	8,614	3,386
Probation/Parole State Treatment	21,000	260	20,740
Insurance	38,000	492,574	(454,574)
Donations	-	29,200	(29,200)
Other	1,200	6,027	(4,827)
TOTAL REVENUES	738,092	1,227,423	(489,331)
EXPENDITURES			
Salaries and Wages	316,380	380,050	(63,670)
Fringe Benefits	126,746	137,724	(10,978)
Professional Fees	11,436	42,034	(30,598)
Employee Travel - Out of Area	1,440	979	461
Employee Travel - Per Diem	1,800	598	1,202
Utilities	35,748	36,432	(684)
Rent	58,800	60,499	(1,699)
Building Repairs	15,000	81,753	(66,753)
Supplies	12,300	31,926	(19,626)
Equipment	7,596	6,477	1,119
Vehicle Operating Expenses	1,584	3,396	(1,812)
Equipment Repairs	6,000	1,067	4,933
Telephone	7,620	10,439	(2,819)
Copying Expense	3,600	3,924	(324)
Insurance	21,492	13,321	8,171
Postage	396	370	26
Food Costs	32,400	28,255	4,145
Accounting	14,400	12,137	2,263
Indirect Costs	23,076	16,409	6,667
Other Costs	14,112	20,058	(5,946)
TOTAL EXPENDITURES	711,926	887,848	(175,922)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 26,166	\$ 339,575	\$ (313,409)
UNITS OF PRODUCTION (UNAUDITED)			
Residential Days			9,436
Outpatient Units - Individual			221
Observational Detox Days			54

<u>Federal Grantor/ CLUSTER NAME/ Program Name/ Pass-through Entity</u>	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Child and Adult Care Food Program Pass-through from Arkansas Department of Human Services	10.558	FA1, FA2	\$ -	\$ 2,060,649
Total U.S. Department of Agriculture			-	2,060,649
<u>U.S. Department of Housing and Urban Development</u>				
Emergency Solutions Grant Program Pass-through from Arkansas Department of Human Services	14.231	EGX	-	23,310
Home Investment Partnerships Program (TBRA) Pass-through from Arkansas Development Finance Authority	14.239	N/A	-	9,483
Home Investment Partnerships Program Pass-through from Arkansas Development Finance Authority	14.239	N/A	-	1,927,139
Section 8 Housing Choice Vouchers	14.871	N/A	-	195,086
Total U.S. Department of Housing and Urban Development			-	2,155,018
<u>U.S. Department of Transportation</u>				
HIGHWAY SAFETY CLUSTER State and Community Highway Safety Pass-through from Arkansas Highway and Transportation Department	20.600	N/A	-	117,703
Total HIGHWAY SAFETY CLUSTER			-	117,703
Total U.S. Department of Transportation			-	117,703
<u>U.S. Department of Energy</u>				
Weatherization Assistance for Low-Income Persons Pass-through from Arkansas Energy Office	81.042	N/A	-	277,701
Total U.S. Department of Energy			-	277,701
<u>U.S. Department of Health and Human Services</u>				
Low-Income Home Energy Assistance Pass-through from Arkansas Department of Human Services	93.568	F5X	-	3,042,195
Pass-through from Arkansas Department of Human Services (Weatherization)	93.568	F5X	-	438,741
Community Services Block Grant Pass-through from Arkansas Department of Human Services	93.569	F9X	-	729,448
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program Pass-through from ARCare	93.912	N/A	-	79,687
Block Grants for the Prevention and Treatment of Substance Abuse Pass-through from UALR MidSOUTH Center for Prevention and Training	93.959	N/A	-	261,514
Total U.S. Department of Health and Human Services			-	4,551,585
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter Program	97.024	N/A	-	3,000
Total U.S. Department of Homeland Security			-	3,000
Total Expenditures of Federal Awards			\$ -	\$ 9,165,656

Notes to the Schedule:*Note 1: Basis of Presentation*

The accompanying schedule of expenditures of federal awards includes the federal award activity of Crowley's Ridge Development Council, Inc. under programs of the federal government for the year ended April 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rates

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

Note 4: Outstanding Loan Balance

The outstanding loan balance of the HOME program as of April 30, 2019 was \$1,927,139.

<u>State Grantor</u>		Revenues/ Expenditures
Program Name		
Pass-through Entity		<u> </u>
<u>Arkansas Department of Human Services</u>		
State General Revenue		\$ 3,410
Total Arkansas Department of Human Services		<u>3,410</u>
<u>Arkansas Department of Community Corrections</u>		
Transitional Living		2,927
Total Arkansas Department of Community Corrections		<u>2,927</u>
<u>Arkansas Highway and Transportation Department</u>		
Arkansas State Turnback Funds		40,000
Total Arkansas Highway and Transportation Department		<u>40,000</u>
Total Expenditures of State Awards		<u><u>\$ 46,337</u></u>

Note to the Schedule:

1. Crowley's Ridge Development Council, Inc. earned \$52,679 in Title XIX (Medicaid) revenue on an accrual basis for the year ended April 30, 2019. This amount is included in program service fees revenue in the accompanying consolidated statement of activities. It is not reported on the schedule because funding under this program is not considered to be an award. The instrument for providing this funding, through the state, is considered to be a contract for services. Our opinion on pages 1-2 includes Title XIX (Medicaid) activity.

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

Child Care Centers (Contract D109):

<u>Month</u>	<u>Year</u>	<u>Number of Breakfasts</u>	<u>Number of Lunches</u>	<u>Number of Supplements</u>	<u>Number of Suppers</u>
May	2018	33,102	35,477	37,230	648
June	2018	30,936	33,811	33,084	629
July	2018	27,708	30,790	30,396	631
August	2018	31,250	33,989	35,601	790
September	2018	26,767	28,205	31,322	657
October	2018	32,510	34,830	38,115	971
November	2018	26,609	28,739	31,015	826
December	2018	24,167	26,428	28,326	763
January	2019	30,231	33,039	35,473	897
February	2019	29,506	31,795	33,605	531
March	2019	28,275	31,010	31,698	163
April	2019	33,624	36,399	38,153	189
TOTALS		354,685	384,512	404,018	7,695

Day Care Homes (Contract B041):

<u>Month</u>	<u>Year</u>	<u>Number of Breakfasts</u>	<u>Number of Lunches</u>	<u>Number of Supplements</u>	<u>Number of Suppers</u>
May	2018	4,491	4,251	6,120	789
June	2018	4,208	4,381	5,131	597
July	2018	4,097	4,283	5,026	652
August	2018	4,586	4,453	5,851	685
September	2018	4,102	3,777	5,512	636
October	2018	5,017	4,755	6,790	859
November	2018	4,242	4,093	5,602	715
December	2018	3,898	3,874	5,184	652
January	2019	4,904	4,785	6,349	724
February	2019	4,417	4,139	5,755	765
March	2019	4,403	4,256	5,785	765
April	2019	4,913	4,580	6,497	756
TOTALS		53,278	51,627	69,602	8,595



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Crowley's Ridge Development Council, Inc. (a nonprofit organization) which comprise the consolidated statement of financial position as of April 30, 2019, and the related consolidated statements of activities and cash flows for the year then ended, and related notes to the consolidated financial statements, and have issued our report thereon dated August 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Crowley's Ridge Development Council, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crowley's Ridge Development Council, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Crowley's Ridge Development Council, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crowley's Ridge Development Council, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Craft, Veach & Company

Craft, Veach & Company, PLC
North Little Rock, Arkansas
August 14, 2019



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

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

Report on Compliance for Each Major Federal Program

We have audited Crowley's Ridge Development Council, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Crowley's Ridge Development Council, Inc.'s major federal programs for the year ended April 30, 2019. Crowley's Ridge Development Council, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Crowley's Ridge Development Council, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Crowley's Ridge Development Council, Inc.'s compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Crowley's Ridge Development Council, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Crowley's Ridge Development Council, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2019.

Report on Internal Control Over Compliance

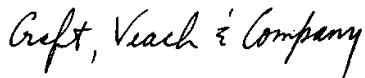
Management of Crowley's Ridge Development Council, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Crowley's Ridge Development Council, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal

program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Crowley's Ridge Development Council, Inc.'s internal control over compliance.

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

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

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



Craft, Veach & Company, PLC
North Little Rock, Arkansas
August 14, 2019

SUMMARY OF AUDITOR'S RESULTS:

CONSOLIDATED FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

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

Noncompliance material to consolidated financial statements noted? Yes X No

FEDERAL AWARDS

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

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

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Home Investment Partnerships Program	14.239
Community Services Block Grant	93.569

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

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

Organization qualified as a low-risk auditee as that term is defined in
 the Uniform Guidance? X Yes No

Findings required to be reported by *Government Auditing Standards*

Reference

Number Finding

None

Findings required to be reported by the Uniform Guidance

Reference

Number Finding

Questioned Costs

None

Findings required to be reported by *Government Auditing Standards*

Reference Number	Finding	Status
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None

Findings required to be reported by the Uniform Guidance

Reference Number	Finding	Status
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None