Community Access, Inc.

FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2017 and 2016

Community Access, Inc.

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
June 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Access, Inc.
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Community Access, Inc. (the Organization) (a non-profit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

Auditors' Responsibility (continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017 and 2016, 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
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of nonfederal awards, for compliance with the State of West Virginia grant reporting requirements, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 January 11, 2018 on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

Gray, Griffith & Mays, a.c.

January 11, 2018
Charleston, West Virginia

Community Access, Inc.

STATEMENT OF FINANCIAL POSITION
June 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 398,147	$ 930,416
Grants receivable	121,398	271,206
Prepaid expenses	4,475	16,356
Security deposits	950	-
Total current assets	524,970	1,217,978
Property and equipment net of accumulated depreciation of $36,336 and $29,790, respectively	20,184	26,730
Total assets	$ 545,154	$ 1,244,708
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long term debt	$ 6,203	$ 6,026
Accounts payable	55,280	278,929
Accrued expenses	38,695	41,240
Refundable advances	5,853	730,716
Total current liabilities	106,031	1,056,911
Long term debt, net of current portion	13,524	19,696
Total liabilities	119,555	1,076,607
Net assets:		
Unrestricted	425,599	168,101
Total liabilities and net assets	$ 545,154	$ 1,244,708

The accompanying notes are an integral part of these financial statements.

Community Access, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2017 and 2016

	2017	2016
Revenues and other support:		
Grant revenue	$ 3,828,089	$ 1,703,627
Other income	23,944	34,245
Total revenue and other support	3,852,033	1,737,872
Expenses and losses:		
Salary and related expenses	828,391	334,206
Contracted services	1,725,790	800,815
Supplies	464,490	340,092
Conferences and meetings	115,793	69,315
Indirect cost	298,690	69,933
Travel	113,945	44,940
Rent and utilities	25,954	9,568
Insurance	8,144	8,244
Depreciation	6,546	6,001
Vehicles	3,851	4,351
Advertising	259	123
Interest	758	923
Other	1,924	424
Total expenses	3,594,535	1,688,935
Increase in net assets	257,498	48,937
Net assets, beginning of year	168,101	119,164
Net assets, ending of year	$ 425,599	$ 168,101

The accompanying notes are an integral part of these financial statements.

Community Access, Inc.

STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 257,498	$ 48,937
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	6,546	6,001
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	149,808	(124,234)
Security deposit	(950)	(950)
Prepaid expenses	11,881	(12,266)
Increase (decrease) in:		
Accounts payable and accrued expenses	(226,194)	286,724
Refundable advances	(724,863)	727,892
Net cash (used in) provided by operating activities	(526,274)	932,104
Cash flows used in investing activities:		
Purchase of property and equipment	-	(1,247)
Cash flows used in financing activities:		
Principal payments on debt	(5,995)	(28,392)
Net (decrease) increase in cash	(532,269)	902,465
Cash and cash equivalents, beginning of year	930,416	27,951
Cash and cash equivalents, end of year	$ 398,147	$ 930,416
Supplemental Disclosure of Cash Flow Information:		
Non-cash acquisition of property and equipment purchased with long-term debt	$ -	$ 31,114
Cash used for interest payments	$ 758	$ 923

The accompanying notes are an integral part of these financial statements.

1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Community Access, Inc. (the Organization), is a community based 501(c)(3) organization, founded in 1992 and is located in Charleston, West Virginia. The Organization's mission is to develop innovative programs that bridge educational, employment, and other systems in order to achieve better outcomes and full inclusion for the people they serve.

Method of Accounting and Basis of Presentation

The financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation follows the standards set by the Financial Accounting Standards Board. Under those provisions, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the two restricted classes are created only by time or donor imposed restrictions on use. All other net assets, including board-designated or appropriated amounts, are considered unrestricted, and are reported as part of the unrestricted class.

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of June 30, 2017 and 2016 there are no temporarily restricted net assets.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2017 and 2016 there are no permanently restricted net assets.

The Organization has elected to present temporarily restricted grants, which are fulfilled in same time period, within the unrestricted net assets class.

Community Access, Inc.

NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016
(Continued)

Cash and Cash Equivalents

The Organization considers cash deposits and short term highly liquid investments to be cash equivalents. At times during 2017 and 2016, the Organization had cash on deposit with financial institutions that may have exceeded FDIC limits. However, management believes that the financial institutions are financially sound and do not present a significant risk to the Organization.

Property and Equipment

Property and equipment are recorded at cost at the date of purchase, or in the case of donated assets, at fair value at the date of receipt. These assets are capitalized when the Organization determines that substantial future benefits will be achieved and have a cost value of at least $5,000. Depreciation is calculated on a straight-line basis over the estimated useful lives of property and equipment, which are currently set at 5 years. Maintenance and repairs are expensed as incurred and major improvements are capitalized. Depreciation expense was $6,546 and $6,001 for the years ended June 30, 2017 and 2016, respectively.

Refundable advances

Refundable advances results from the receipt of grant funds under exchange transactions for which the event has not taken place or qualifying expenses have not been incurred.

Revenue Recognition

Grant revenue resulting from exchange transactions is recognized when the related costs are incurred. Grant receivables consist of grant funds the Organization has not received, but has incurred the related expenses and/or satisfied the requirement of the grant agreements. Management has determined that an allowance for doubtful accounts was not considered necessary at June 30, 2017 and 2016.

Expenses

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Expense Allocation

Expenses which are not specifically identified with a particular service are allocated to the various program services based upon time devoted by the Organization staff in performing program functions. The Organization has elected to use the 10% (*de minimis*) indirect cost rate as allowed under the Uniform Guidance.

Advertising

It is the Organization's policy to expense advertising costs as incurred. Advertising expense was $259 and $123 for the years ended June 30, 2017 and 2016, respectively.

Leases

The Organization leases certain office space under short-term lease agreements accounted for as operating leases. Lease expense for the year ending June 30, 2017 and 2016 was approximately $12,000 and $4,000, respectively.

Income Taxes

The Organization is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to taxes on income derived from its exempt activities. The Organization has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organization's Department of Treasury information returns are generally available for examination for three years after the filing date.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures of contingent assets and liabilities at the date of financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant estimates include functional expense allocation, indirect cost allocation and depreciation expense. It is at least reasonably possible that these estimates could change within the next year. Actual results could differ from these estimates and those differences could be significant.

New Accounting Pronouncements

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Leases (Topic: 842): Leases (ASU 2016-02). The objective of ASU 2016-02 is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing agreements. The effective date for this pronouncement is for fiscal years beginning after December 15, 2019. Early adoption of this pronouncement is permitted.

On August 18, 2016, the Financial Account Standards Board (FASB) issued Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). The objective of ASU 2016-14 is to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entities liquidity, financial performance, and cash flows. The effective date for this pronouncement is for fiscal years beginning after December 15, 2017. Early adoption of this pronouncement is permitted.

Management is currently evaluating the impact these pronouncements will have on the Organization's financial statements and has elected not to early implement these pronouncements at this time.

2 – RETIREMENT PLAN

The Organization has a non-employer matching defined contribution retirement plan covering all full-time employees.

3 – CONCENTRATION

The Organization receives substantially all of its funding from the U.S. Department of Health and Human Services, the U.S. Department of Education, and the West Virginia Department of Health and Human Resources. A significant reduction in the level of this funding may have a significant impact on the Organization's programs and activities. The ability of these government agencies to continue funding the operations of the Organization is dependent upon both the future legislative appropriations and economic conditions. Accounts receivable at June 30, 2017 and 2016 included approximately $121,000 and $259,000 due from various state of West Virginia agencies in connection with on-going grant agreements with the Organization, respectively.

During the years ended June 30, 2017 and 2016, the Organization received federal awards totaling $2,639,049 and $818,089, respectively, as part of the Pathway's grant. The Organization was notified by the awarding agency that effective June 30, 2017, the funding for this program would no longer be available to the Organization.

4 – LONG-TERM DEBT

During July 2015, the Organization entered into a long-term debt agreement (agreement) to finance the acquisition of a vehicle. The agreement requires monthly payments of $556 with interest at 2.9% which matures in July 2021 and is secured by the vehicle.

Future maturities of long-term debt consisted of the following as of June 30, 2017:

2018	$ 6,203
2019	6,385
2020	6,551
2021	588
	19,727
Less current maturities	(6,203)
Long-term debt	$ 13,524

5 – RELATED PARTY TRANSACTIONS

During the years ending June 30, 2017 and 2016, the Organization contracted with a company that is owned by an employee of the Organization, to provide therapy for veterans. Total expenses incurred relating to these services were $12,667 and $8,590, respectively. As of June 30, 2017 there were no amounts due or payable to this company.

6 – FUNCTIONAL EXPENSES

The Organization's program services and general and administrative expenses are as follows:

	2017	2016
Program services	$ 3,529,419	$ 1,656,931
General and administrative	65,116	32,004
	$ 3,594,535	$ 1,688,935

7 – SUBSEQUENT EVENTS

The Organization's management has evaluated events and transactions occurring after June 30, 2017 through the date of the Auditors' Report, which is the date the financial statements were available to be issued. No significant events were noted requiring adjustments to or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

Community Access, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

Grantor/Program	CFDA #	Pass Through Entity Identifying Number	Disbursements/ Expenses	
Federal Awards				
U.S. Department of Health and Human Services:				
Passed through State of West Virginia Department of Health and Human Resources				
Developmental Disabilities Basic Support	93.630	G160510	$ 39,861	
and Advocacy Grant	93.630	G170514	113,334	
Block Grant for Community Mental Health Services	93.958	G160526	26,064	
	93.958	G170603	78,583	
Total U.S. Department of Health and Human Services			257,842	
U.S. Department of Education:				
Passed through State of West Virginia Division of Rehabilitation Services				
Rehabilitation Services -				
Vocational Rehabilitation Grants to States	84.126	16-3966	1,197,578	*
	84.126	17-3431	1,441,471	*
Total U.S. Department of Education			2,639,049	
Total Schedule of Expenditures of Federal Awards			$ 2,896,891	

* Denotes major programs

See Independent Auditors' Report and Notes to the Schedule of Expenditures of Federal Awards.

Community Access, Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Organization, under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, nor cash flows of Community Access, Inc.

2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Such expenditures are recognized following, as applicable, either the cost principles of OMB Circular A-122, *Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3 – INDIRECT COST RATE

The Organization has elected to use the 10 percent *(de minimis)* indirect cost rate as allowed under the Uniform Guidance.

Community Access, Inc.

SCHEDULE OF EXPENDITURES OF NONFEDERAL AWARDS
June 30, 2017

Grantor/Program	Grant #	Receipts	Disbursements/ Expenses
West Virginia Department of Health & Human Resources:			
Substance Abuse/Mental Health Planning and Advisory Initiatives	G160526	$ 127,902	$ 127,902
Substance Abuse/Mental Health Planning and Advisory Initiatives	G170603	435,419	489,475
Total		$ 563,321	$ 617,377

See Independent Auditors' Report.

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INDEPENDENT AUDITORS' 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
Community Access, Inc.
Charleston, West Virginia

We have audited, in accordance with the 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 financial statements of Community Access, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2017 and 2016 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as item 2017-001, to be a material weakness.

Compliance and Other Matters

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

Community Access, Inc.'s Response to Findings

The Organization's response to the finding identified in our audit is described in the Accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Gray, Griffith & Mays, a.c.

Charleston, West Virginia
January 11, 2018

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

To the Board of Directors
Community Access, Inc.
Charleston, West Virginia

Report on Compliance for Each Major Federal Program

We have audited Community Access, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2017. The Organization'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 the Organization's compliance with those requirements and performing such other procedures as we considered 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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization'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 the Organization's internal control over compliance.

A *deficiency in internal control over compliance* 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, 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 combinations 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 purposes.

Gray, Griffith & Mays, a.c.

Charleston, West Virginia
January 11, 2018

Community Access, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

Section I – Financial Statement Findings

Financial Statements:

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
* Material weakness(es) identified?	Yes	X	No	
* Significant deficiency(s) identified not considered to be material weakness?	Yes		No	X
Noncompliance material to financial statements noted?	Yes		No	X

Federal Awards:

Internal control over major programs:				
* Material weakness(es) identified?	Yes		No	X
* Significant deficiency(s) identified not considered to be material weakness?	Yes		No	X
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 section 2 CFR 200.516(a)	Yes		No	X

Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	Yes		No	X

Section II – Financial Statement Findings

2017-001 Internal Control over Cash Disbursements (Repeat finding)

Criteria: A fundamental concept of effective internal controls is the appropriate segregation of incompatible duties and the appropriate levels of supervisory review and approval.

Condition: Appropriate internal controls are not operating effectively.

Context: The Organization's third-party bookkeeper has unlimited access to bank accounts, check stock, has signatory authority over bank accounts, maintains a signature stamp of the Executive Director and is responsible for recording and reconciling all transactions related to cash disbursements. Additionally, this bookkeeper is responsible for all facets of payroll calculations and distribution of funds for payroll with no preventive levels of supervisory review and approval.

Cause: The Organization has not developed appropriate internal controls to safeguard the financial statements and the Organization's assets.

Effect: The financial statements and Organization's assets are susceptible to material misstatement.

Recommendation: We recommend that the Organization implement preventive controls to ensure the appropriate segregation of incompatible duties as well as removing the executive directors' signature stamp from the bookkeeper.

Management Response: Community Access, Inc., (CAI) management acknowledges that the current methodology employed for internal control over cash disbursements could be problematic for some companies. However, the following bulleted items demonstrate that the company is aware and acting prudently with regard to internal controls. While, not preventative, the company's policies and procedures are detective, and the management team works closely to provide checks and balances within the current system in an effort to hold each and all parties to high levels of accountability and integrity.

- The company is extremely small, permanently employing only an Executive Director and Assistant Director. The remaining employees of the company are hired to complete specific grant requirements and will not be employed when grants are completed.

- The company is operated on a virtual basis, with all permanent employees home based.

- The Executive Director and bookkeeper meet weekly to review cash disbursements and other matters of financial management.

Section II – Financial Statement Findings (Continued)

- The Executive Director and Assistant Director approve cash disbursements, and the Assistant Director reviews check images via on-line banking on a weekly basis. All management team members also have full access to on-line charge card transactions, which are regularly monitored by all parties.

- Each evening, the most recent copy of the QuickBooks file is uploaded for access by the Assistant Director, who is then free to review and monitor all financial transactions, which she does so on an unscheduled basis. This provides full, detailed access to all checks, charge card transactions, bank transfers, and payroll transactions.

- The Assistant Director approves time sheets and forwards them to the bookkeeper for processing. Detailed payroll summary reports (listing names and amounts paid all employees) are reviewed and approved by the Executive Director before the direct deposit date of the payroll.

- The Executive Director receives bank statements via U.S. Mail at the company's post office box. He reviews all bank transactions (including digital images) before giving the statements to the bookkeeper for reconciliation. The Executive Director reviews and approves the reconciliation reports, which include detailed listings for every check and deposit for the month. These can be verified against the bank-supplied digital images. (The bookkeeper has no access to the post office box).

- The day-to-day operations of CAI are similar to those of a family-owned business. Segregation of duties is nearly impossible without being detrimental to the efficient operation of the company.

- The current bookkeeper has been with the company since 1992, and although a third party, is treated as a member of the management team. These three people are the core of the company. While the current financial policies and procedures are not preventative in nature, twenty-six years of unimpeachable transactions speak volumes regarding the dependability of the people as well as the systems of accountability.

Community Access, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
June 30, 2017

Section III – Federal Award Findings and Questioned Costs

There are no findings or questioned costs that were identified that are required to be reported under this section.

Section V – Summary Schedule of Prior Audit Findings

2016-001 Internal Control over Cash Disbursements

Current Status: Finding still applicable. See finding 2017-001 under Schedule of Findings and Questioned Costs.

2016-002 Cutoff Procedures

Current Status: No similar findings were noted in the current year.