



**KENNEBEC VALLEY COMMUNITY ACTION
PROGRAM**

**Reports Required by *Government Auditing
Standards* and OMB Circular A-133**

Year Ended September 30, 2014

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM
Reports Required by *Government Auditing Standards*
and OMB Circular A-133
Year Ended September 30, 2014

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**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
Kennebec Valley Community Action Program

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 Kennebec Valley Community Action Program (a Maine nonprofit organization), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kennebec Valley Community Action Program'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 Kennebec Valley Community Action Program's internal control. Accordingly, we do not express an opinion on the effectiveness of Kennebec Valley Community Action Program'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 financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**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, CONTINUED**

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Gibson Allen, LLC

Augusta, Maine
February 20, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

To the Board of Directors of
Kennebec Valley Community Action Program

Report on Compliance for Each Major Federal Program

We have audited Kennebec Valley Community Action Program's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Kennebec Valley Community Action Program's major federal programs for the year ended September 30, 2014. Kennebec Valley Community Action Program'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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Kennebec Valley Community Action Program'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Kennebec Valley Community Action Program'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 Kennebec Valley Community Action Program's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133, CONTINUED**

Opinion on Each Major Federal Program

In our opinion, Kennebec Valley Community Action Program 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 September 30, 2014.

Report on Internal Control Over Compliance

Management of Kennebec Valley Community Action Program 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 Kennebec Valley Community Action Program's internal control over compliance with the 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 OMB Circular A-133, 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 Kennebec Valley Community Action Program'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133, CONTINUED**

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Kennebec Valley Community Action Program as of and for the year ended September 30, 2014, and have issued our report thereon dated February 20, 2015, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by OMB Circular A-133 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gibson Thayer, LLC

Augusta, Maine
February 20, 2015

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

| Federal Grantor/ Pass-Through Grantor/ Program Title | CFDA number | Award number | Award term | Federal expenditures |
|--|------------------------|-------------------------|-----------------------|---------------------------------|
| U.S. Department of Health and Human Services: | | | | |
| Direct Awards: | | | | |
| Head Start | 93.600 | 01CH2219/01 | 09/01/14-08/31/15 | \$ 263,731 |
| Head Start | 93.600 | 01CH1119/48 | 09/01/13-08/31/14 | 2,487,364 |
| Subtotal U.S. Department of Health and Human Services Head Start | | | | 2,751,095 |
| Pass-through State Department of Health and Human Services: | | | | |
| Community Services Block Grant | 93.569 | CFS-14-7004B | 10/01/13-09/30/14 | 401,401 |
| Social Services Block Grant/KV Van Regular | 93.667 | CFS-14-4004 | 10/01/13-09/30/14 | 113,373 |
| ACA Maternal, Infant, & Early Childhood Home Visiting Program | 93.505 | CDC-15-1514 | 09/30/14-09/29/15 | 2,512 |
| ACA Maternal, Infant, & Early Childhood Home Visiting Program | 93.505 | CDC-14-1514 | 09/30/13-09/29/14 | 950,075 |
| Subtotal U.S. Department of Health and Human Services/State DHHS ACA MIECHVP | | | | 952,587 |
| Subtotal U.S. Department of Health and Human Services/State DHHS | | | | 1,467,361 |
| Pass-through Maine State Housing Authority: | | | | |
| Low-Income Home Energy Assistance/Fuel Assistance | 93.568 | None | 07/01/14-06/30/15 | 84,517 |
| Low-Income Home Energy Assistance/Fuel Assistance | 93.568 | None | 07/01/13-06/30/14 | 402,636 |
| Low-Income Home Energy Assistance/Weatherization Program | 93.568 | None | 10/01/13-09/30/14 | 697,353 |
| Subtotal U.S. Department of Health and Human Services/MSHA Low-Income Home Energy Assistance | | | | 1,184,506 |
| Pass-through State Department of Judicial Branch: | | | | |
| Grants to States for Access & Visitation Programs | 93.597 | CT40A20130802*585 | 10/01/13-09/30/14 | 3,000 |
| Grants to States for Access & Visitation Programs | 93.597 | CT40A20130802*588 | 10/01/13-09/30/14 | 5,000 |
| Grants to States for Access & Visitation Programs | 93.597 | CT40A20130802*580 | 10/01/13-09/30/14 | 2,600 |
| Subtotal U.S. Department Health and Human Services/State Judicial Branch Grants to States for Access/Visitation | | | | 10,600 |
| Pass-through Western Maine Community Action: | | | | |
| PPHF CA to Support Navigators in FF & State Partnership Exchanges | 93.750 | 1 NAVCA140119-01-00 | 9/16/14-9/15/15 | 399 |
| PPHF CA to Support Navigators in FF & State Partnership Exchanges | 93.750 | 1 NAVCA130019-01-00 | 08/15/13-08/14/14 | 34,168 |
| Subtotal U.S. Department of Health and Human Services/WMCA PPHF CA to Support Navigators in FF & State Partnership Exchanges | | | | 34,567 |
| Total U.S. Department of Health and Human Services | | | | 5,448,129 |
| U.S. Department of Energy: | | | | |
| Pass-through Maine State Housing Authority: | | | | |
| Weatherization Assistance for Low-Income Persons | 81.042 | None | 04/01/13-03/31/15 | 82,069 |
| Total U.S. Department of Energy | | | | 82,069 |
| U.S. Department of Agriculture: | | | | |
| Pass-through State Department of Health and Human Services: | | | | |
| Child & Adult Care Food Program | 10.558 | FP-14-448 | 10/01/13-09/30/14 | 140,627 |
| Subtotal U.S. Department of Agriculture/State DHHS | | | | 140,627 |
| Pass-through State Department of Agriculture, Food & Rural Resources: | | | | |
| Emergency Food Assistance Program (Administrative Costs) | 10.568 | CT01A201406124681 | 01/01/14-12/31/14 | 10,965 |
| Emergency Food Assistance Program (Administrative Costs) | 10.568 | CT01A201304293496 | 01/01/13-12/31/13 | 6,271 |
| Subtotal U.S. Department of Agriculture/DAFRF EFAP | | | | 17,236 |
| Pass-through Western Maine Community Action: | | | | |
| Rural Community Development Initiative | 10.446 | | 01/01/13-06/30/14 | 3,436 |
| Subtotal U.S. Department of Agriculture/WMCA RCDI | | | | 3,436 |
| Total U.S. Department of Agriculture | | | | 161,299 |
| U.S. Department of Transportation: | | | | |
| Pass-through Maine Department of Transportation: | | | | |
| Formula Grants for Rural Areas/RTAP Scholarship | 20.509 | CSN33304 | 07/01/14-06/30/15 | 2,044 |
| Formula Grants for Rural Areas | 20.509 | CSN33674 | 07/01/14-06/30/15 | 117,633 |
| Formula Grants for Rural Areas | 20.509 | CSN32582 | 07/01/13-09/30/14 | 418,055 |
| Formula Grants for Rural Areas | 20.509 | CSN30790 | 07/01/12-12/31/13 | 6,716 |
| Subtotal U.S. DOT/Maine DOT Formula Grants for Other than Urbanized Areas | | | | 544,448 |
| Enhanced Mobility of Seniors & Individuals with Disabilities | 20.513 | CSN32152 | 09/17/13-09/17/16 | 42,587 |
| Total U.S. Department of Transportation | | | | 587,035 |

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM
Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2014

| Federal Grantor/ Pass-Through Grantor/ Program Title | CFDA number | Award number | Award term | Federal expenditures |
|---|------------------------|-------------------------|-----------------------|---------------------------------|
| U.S. Department of Housing & Urban Development: | | | | |
| Pass-through Maine Department of Economic and Community Development/ | | | | |
| City of Rockland: | | | | |
| Community Development Block Grants/State's Program | 14.228 | None | 09/01/13-06/30/15 | 306,052 |
| Community Development Block Grants/State's Program | 14.228 | None | 07/01/12-06/30/14 | 34,412 |
| Subtotal U.S. Department of HUD/Maine DECD/City of Rockland CDBG | | | | 340,464 |
| Pass-through Maine Department of Economic and Community Development: | | | | |
| Community Development Block Grants/State's Program (Neigh. Stabilization) | 14.228 | None | 07/01/09-open | 64,180 |
| Subtotal U.S. Department of HUD/Maine DECD CDBG | | | | 404,644 |
| Pass-through Maine State Housing Authority: | | | | |
| Home Investment Partnerships Program/Rehabilitation | 14.239 | None | 01/01/13-01/31/14 | 90,415 |
| Home Investment Partnerships Program/Home Rehabilitation | 14.239 | None | 03/01/14-12/31/14 | 67,158 |
| Subtotal U.S. Department of HUD/MSHA HIPP | | | | 157,573 |
| Total U.S. Department of Housing & Urban Development | | | | 562,217 |
| U.S. Department of Treasury: | | | | |
| Pass-through NeighborWorks America: | | | | |
| NeighborWorks America MHA | 21.000 | None | 04/16/13-09/30/14 | 6,687 |
| NeighborWorks America/Foreclosure Mitigation Counseling | 21.000 | Round 7 | 04/15/13-04/30/14 | 38,340 |
| NeighborWorks America/Foreclosure Mitigation Counseling | 21.000 | Round 8 | 05/01/14-12/31/14 | 24,609 |
| NeighborWorks America | 21.000 | None | 10/01/13-09/30/14 | 65,211 |
| NeighborWorks America/Emergency Homeowners Loan Program | 21.000 | None | 06/17/11-02/01/14 | 9,197 |
| NeighborWorks America/Financial Capacity Grant | 21.000 | GW040017 | 09/01/14-open | 5,644 |
| Total U.S. Department of Treasury/NeighborWorks America | | | | 149,688 |
| Total Expenditures of Federal Awards | | | | \$ 6,990,437 |

See accompanying notes to schedule of expenditures of federal awards.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

PURPOSE OF THE SCHEDULE

Office of Management and Budget (OMB) Circular A-133 requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA).

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of Kennebec Valley Community Action Program for the fiscal year ended September 30, 2014. The reporting entity is defined in Notes to Financial Statements of Kennebec Valley Community Action Program.
- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133.
 - 1. Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, non-cash contributions or donations of property, interest subsidies, insurance, direct appropriations or food commodities.
 - 2. Major Programs - OMB Circular A-133 establishes the levels of expenditures or expenses to be used in defining major federal financial award programs. The major programs for Kennebec Valley Community Action Program have been identified in the attached Schedule of Findings and Questioned Costs - Summary of Auditor's Results.
- C. Basis of Accounting - The information presented in the Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting, which is consistent with the reporting in Kennebec Valley Community Action Program's financial statements.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM
Schedule of Findings and Questioned Costs
Year Ended September 30, 2014

Section I-Summary of Auditor's Results

Financial Statements

| | |
|---|------------|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified | |
| not considered to be material weaknesses? | No |
| Noncompliance material to financial statements noted? | No |

Major Federal Award Programs

| | |
|---|------------|
| Internal control over major programs: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified | |
| not considered to be material weaknesses? | No |
| 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 Circular A-133, Section .510(a)? | No |
| Identification of major programs: | |

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|------------------------------|---|
| <u>14.228</u> | <u>Community Development Block Grants/State's Program</u> |
| <u>93.568</u> | <u>Low-Income Home Energy Assistance</u> |
| <u>93.600</u> | <u>Head Start</u> |

| | |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee? | Yes |

Section II - Findings Required to be Reported under *Government Auditing Standards*

None

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM
Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2014

Section III - Findings and Questioned Costs for Major Federal Awards

None

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2014

None