

W.A.M.Y. COMMUNITY ACTION, INC.
FINANCIAL STATEMENTS
June 30, 2016

W.A.M.Y. COMMUNITY ACTION, INC.
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Certified Public Accountants, P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
W.A.M.Y. Community Action, Inc.

We have audited the accompanying financial statements of W.A.M.Y. Community Action, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year 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.

Auditor's 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. 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.

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 W.A.M.Y. Community Action, Inc. as of June 30, 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.

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Other Matters

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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is 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 the 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 taken as a whole.

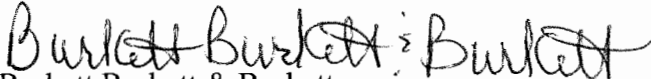
Other Information

Report on Summarized Comparative Information

We have previously audited W.A.M.Y. Community Action, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2017, on our consideration of W.A.M.Y. Community Action, 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 W.A.M.Y. Community Action, Inc.'s internal control over financial reporting and compliance.


Burkett Burkett & Burkett
Certified Public Accountants, P.A.

Rock Hill, South Carolina

March 10, 2017

W.A.M.Y. COMMUNITY ACTION, INC.
Statement of Financial Position
June 30, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents	\$ 390,231	440,368
Accounts and notes receivables	11,896	44,141
Grants receivable	158,893	152,877
Prepaid expenses	-	3,316
Total current assets	561,020	640,702
Non-current Assets:		
Restricted cash	177	2,401
Note receivable, net of allowance for uncollectible accounts of \$3,066	375,086	362,204
Property and equipment, net	787,412	813,641
Total non-current assets	1,162,675	1,178,246
Total assets	\$ 1,723,695	1,818,948

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 7,778	37,816
Accrued compensated absences	37,748	21,205
Current portion of long-term debt	31,911	36,495
Total current liabilities	77,437	95,516
Notes payable	879,401	916,074
Less: current portion	(31,911)	(36,495)
Total long term notes payable	847,490	879,579
Total liabilities	924,927	975,095
Net assets		
Unrestricted	734,172	779,702
Temporarily restricted	64,596	64,151
Total net assets	798,768	843,853
Total liabilities and net assets	\$ 1,723,695	1,818,948

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

W.A.M.Y. COMMUNITY ACTION, INC.
Statement of Activities
Year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Support and revenue:				
Revenue from federal and state grants	\$ -	\$ 845,501	\$ 845,501	788,135
Net revenue from federal and state grants	-	845,501	845,501	788,135
Private support	-	25,628	25,628	198,732
Local support-unrestricted	69,331		69,331	104,443
Local revenues	69,642	158,270	227,912	118,708
Interest income		2,256	2,256	17,820
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>1,031,210</u>	<u>(1,031,210)</u>	<u>-</u>	<u>-</u>
Total support and revenue	1,170,183	445	1,170,628	1,227,838
Expenses				
Program services	1,080,403	-	1,080,403	982,305
Supporting services	109,081	-	109,081	132,108
Capital expenses	<u>26,229</u>	<u>-</u>	<u>26,229</u>	<u>26,229</u>
Total expenses	<u>1,215,713</u>	<u>-</u>	<u>1,215,713</u>	<u>1,140,642</u>
Change in net assets	(45,530)	445	(45,085)	87,196
Net assets				
Net assets, beginning of year	758,990	64,151	843,853	735,945
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,712</u>
Net assets, end of year	<u>\$ 713,460</u>	<u>\$ 64,596</u>	<u>\$ 798,768</u>	<u>843,853</u>

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

W.A.M.Y. COMMUNITY ACTION, INC.
Statement of Cash Flows
Year ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (45,085)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	26,229
Increase in grants receivable	(6,016)
Decrease in other receivables	32,245
Decrease in prepaid expenses	3,316
Increase in note receivable	(12,882)
Decrease in accounts payable	(30,038)
Increase in compensated absences	<u>16,543</u>
NET CASH USED BY OPERATING ACTIVITIES	(15,688)
CASH FLOWS FROM FINANCING ACTIVITIES	
Decrease in notes payable	<u>(36,673)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(36,673)</u>
Net Decrease in cash	(52,361)
Cash and cash equivalents, beginning of year	<u>442,769</u>
Cash and cash equivalents, end of year	<u><u>\$ 390,408</u></u>
Supplementary information:	
Interest paid during year	<u><u>\$ 17,323</u></u>

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

W.A.M.Y. COMMUNITY ACTION, INC.
SCHEDULE OF REVENUES AND FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	CSBG	WAP	CLC	HPG	HHF	Sub- Total
Support & Revenues						
Federal & State support	377,515	265,404	51,089	12,613		706,621
Receivable	9,982	11,556	95,208	22,134	20,013	158,893
Interest & Fees						-
Revenue						-
Local Support					5,615	5,615
Total Support	<u>387,497</u>	<u>276,960</u>	<u>146,297</u>	<u>34,747</u>	<u>25,628</u>	<u>871,129</u>
Functional Expenses						
Salaries	159,283	52,095	117,007	1,388	1,125	330,898
Fringe benefits	27,946	11,302	13,818	354	284	53,704
Advertising	143	3,293				3,436
Client expense	57,869	31,597	4,524	29,347	21,656	144,993
Copier expense	2,849	1,704	316			4,869
Equipment	1,818					1,818
Insurance						-
Interest						-
Miscellaneous	827	9,731				10,558
Materials		73,655				73,655
Contracted	5,020	60,928				65,948
Postage	2,238	1,555				3,793
Rent	30,389	7,498	276			38,163
Repairs & Maintenance	-	-				-
Supplies	10,374	2,948	145			13,467
Training	11,733	806	2,492			15,031
Travel	5,893	1,619	4,163			11,675
Telephone	10,110	1,532				11,642
Utilities	7,798	944				8,742
Total Direct Cost	<u>334,290</u>	<u>261,207</u>	<u>142,741</u>	<u>31,089</u>	<u>23,065</u>	<u>792,392</u>
Indirect Cost	<u>53,207</u>	<u>15,753</u>	<u>3,556</u>	<u>3,658</u>	<u>2,563</u>	<u>78,737</u>
Subtotal	<u>387,497</u>	<u>276,960</u>	<u>146,297</u>	<u>34,747</u>	<u>25,628</u>	<u>871,129</u>
Annual Leave Adjustment						-
Depreciation						-
TOTAL	<u>387,497</u>	<u>276,960</u>	<u>146,297</u>	<u>34,747</u>	<u>25,628</u>	<u>871,129</u>
Change in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

W.A.M.Y. COMMUNITY ACTION, INC.
SCHEDULE OF REVENUES AND FUNCTIONAL EXPENSES (Continued)
YEAR ENDED JUNE 30, 2016

	4-H	FRC	Discre Unencum	Discre Encumb	Sub- Total	Admin- istration	Agency Totals
Support & Revenues							
Federal & State support					706,621		706,621
Receivable					158,893		158,893
Interest & Fees			2,256		2,256		2,256
Revenue	133,320	24,950	65,142	4,500	227,912		227,912
Local Support			24,096	45,235	74,946		74,946
Total Support	133,320	24,950	91,494	49,735	1,170,628	-	1,170,628
Functional Expenses							
Salaries	96,827		17,535	393	445,653	62,689	508,342
Fringe benefits	12,797		2,427	28	68,956	12,962	81,918
Advertising					3,436		3,436
Client expense	5,253			10,702	160,948		160,948
Copier expense			74		4,943	4,249	9,192
Equipment					1,818		1,818
Insurance					-	9,694	9,694
Interest			17,323		17,323		17,323
Miscellaneous	4,852	10,112	7,613	38,612	71,747	720	72,467
Materials					73,655		73,655
Contracted			15,472		81,420		81,420
Postage					3,793	1,865	5,658
Rent					38,163	6,100	44,263
Repairs & Maintenance		11,445	25,430		36,875		36,875
Supplies	218				13,685	6,028	19,713
Training	63				15,094	1,366	16,460
Travel	281				11,956	741	12,697
Telephone	2,067				13,709	1,628	15,337
Utilities		3,393	2,210		14,345	1,039	15,384
Total Direct Cost	122,358	24,950	88,084	49,735	1,077,519	109,081	1,186,600
Indirect Cost	10,962		3,410		93,109	(93,109)	-
Subtotal	133,320	24,950	91,494	49,735	1,170,628	15,972	1,186,600
Annual Leave Adjustment			2,884		2,884		2,884
Depreciation			26,229		26,229		26,229
TOTAL	133,320	24,950	120,607	49,735	1,199,741	15,972	1,215,713
Change in Net Assets	-	-	(29,113)	-	(29,113)	(15,972)	(45,085)

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

W.A.M.Y. COMMUNITY ACTION, INC.
Notes to Financial Statements
For the Year Ended June 30, 2016

Nature of Activities

The mission of W.A.M.Y. Community Action, Inc. (the Agency), is to promote the social, educational, and economic well-being of area residents (particularly those who are of low income) through the development of programs and services which address those issues. The Agency was organized in 1964 as a nonprofit corporation to serve the western North Carolina counties of Watauga, Avery, Mitchell and Yancey. The Agency is primarily supported by revenue from federal and state grants.

The Agency has been serving disadvantaged people in its service area for over fifty years. The Board of Directors at the Agency is made up of people from all areas of Watauga, Avery, Mitchell, and Yancey counties. One-third of the board members represent public officials, one-third represent community groups and organizations, and one-third represent the poor. The board is an official body that governs the Agency, receives grants, and makes board policy, which directs the program operations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Operations

The Agency, for financial statement presentation purposes, is a hybrid of a Voluntary Health and Welfare Organization and a government entity established by legislative fiat.

Legally the Agency is a non-profit corporation and is exempt from federal and state income taxes, under IRC 501(c)(3). All contributions are tax deductible within the limitations provided in the code. The Agency has been classified as a publicly supported organization that is not a private foundation under Section 509(a).

Its principal activities consist of administering programs funded by grants from various government agencies, the acceptance of which requires compliance prescribed by each grant's conditions and other requirements including, but not limited to, the furnishing of certain amounts of cash or non-cash contributions to the programs from non-federal sources.

The Agency's financial statements have been prepared on the accrual basis of accounting. Under this method, support and revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the accounting period in which a liability is incurred.

W.A.M.Y. Community Action, Inc. has adopted FASB ASC Topic 958-605-25, Not-For-Profit Entities, Financial Statements of Not-for-Profit Organizations, which requires the Agency to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. In addition, the Agency is required to present a statement of financial position, a statement of activities, and a statement of cash flows.

W.A.M.Y. COMMUNITY ACTION, INC.
Notes to Financial Statements
For the Year Ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Method of Accounting and Basis of Presentation

Contributions

The Agency has adopted FASB ASC Topic 958, Not-For-Profit Entities, *Accounting for contributions*, which requires the agency to record contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor imposed restrictions. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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 are reflected in certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Non-expendable Property

Property and equipment costing \$1,000 or more are recorded at cost or at estimated value at the date of the gift, if donated. Non-expendable property for financial statement purposes is property having a useful life of more than one year and costing above a certain dollar limit, which varies by funding source. Property acquired is considered to be owned by the Agency while used in the program for which it was purchased or in future authorized programs; however, the grantor has a reversionary interest in the property and its disposition is subject to federal regulations. Assets acquired with restricted federal or state funds are not capitalized but instead are expensed as costs of their respective government award programs. All property is stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method, based on the estimated useful life of the asset.

Donated Services and Materials

It is the policy of the Agency to record the value of donated services, materials and facilities usage provided there is an objective basis with which to value such donations. The value of general volunteer services are not recorded, because there is no objective basis with which to value the volunteer time, although the operations of the Agency is supported by volunteer time of

W.A.M.Y. COMMUNITY ACTION, INC.
Notes to Financial Statements
For the Year Ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the members of its Board of Directors. In addition, used goods and materials are donated to the Agency for resale, but the value of such donations is considered to be immaterial and is, therefore, not recorded in the financial statements.

Income Taxes

W.A.M.Y. Community Action, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Agency has also been classified by the Internal Revenue Service as being an organization ‘Other than a private foundation’.

The organization’s income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status.

Functional Allocation of Expenses

The cost of providing the Agency’s various programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain cost and expenses have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

For purposes of the financial statement presentation, the Agency considers all checking accounts, money market accounts, and petty cash funds to be cash and cash equivalents. Restricted cash consist of one bank account totaling \$177 for the maintenance and repair of the Family Resource Center which is jointly owned with Oasis (another non-profit organization).

Budgets

The Agency operates each of its federal programs under legally adopted budgets, which restrict the total expenses to the budgetary limit. The legal level of control in most programs is the total budgeted amount with certain line item expenditure limits.

NOTE 2 – DEPOSITS

At year-end, the carrying amount of the Agency’s deposits was \$483,415 and the bank balance was \$390,408. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation. At year end the agency had one account over the FDIC limit by \$68,268. The agency has separated it’s two largest bank accounts as to extend the FDIC protection.

W.A.M.Y. COMMUNITY ACTION, INC.
Notes to Financial Statements
For the Year Ended June 30, 2016

NOTE 3 – ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable at June 30, 2016 consisted of:

Mortgage note receivable	\$ 366,618
Grants receivable	158,893
Program loans receivable	15,578
Sales tax receivable	<u>7,852</u>
	548,941
Allowance for uncollectible accounts	<u>(3,066)</u>
Total accounts and notes receivable	545,875
Less current portion of accounts and notes receivable	<u>(170,789)</u>
Long-term accounts and notes receivable	<u>\$ 375,086</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment of the Agency are listed below by major class at June 30, 2016.

Major classes of fixed assets are:

	Balance <u>6/30/15</u>	Additions <u>(Deletions)</u>	Balance <u>6/30/16</u>
Land	\$ 40,000	\$	\$ 40,000
Buildings	947,344		947,344
Building Improvements	60,430		60,430
	<u>(234,133)</u>	<u>(26,229)</u>	<u>(260,362)</u>
Total Property, Plant, & Equipment	<u>\$ 813,641</u>	<u>\$ (26,229)</u>	<u>\$ 787,412</u>

Depreciation expense for the year was \$26,229.

All property purchased by the Agency with federal grants reverts to the federal government when it's not being used for the purpose or grant for which it was purchased.

NOTE 5 – RESTRICTED NET ASSETS

Temporarily restricted net assets of \$64,596 consists of rental payments restricted for the related expenses in the amount of \$177; a contingency fund for future repairs in the amount of \$30,511; and net assets restricted for payment of USDA liabilities of \$33,908.

W.A.M.Y. COMMUNITY ACTION, INC.
Notes to Financial Statements
For the Year Ended June 30, 2016

NOTE 6 – RETIREMENT BENEFITS

The Agency maintains a retirement plan for which all permanent full-time employees are eligible to participate after one year of service. The plan is established under Section 403(b) of the Internal Revenue Code and is often referred to as a TSA plan. The plan provides for each eligible employee to receive a contribution from the Agency of 3% of the employee’s annual compensation into their retirement fund. Also, an additional discretionary matching contribution up to 3% may be made by the employer. The Agency’s contribution for the year ended June 30, 2016 was \$17,012.

NOTE 7 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

The Agency has received proceeds from several federal and state grants. Periodic audits of these grants may be required and certain costs may be disallowed thus requiring the Agency to refund the grant monies to the grantor agencies. Management is not aware of any disallowed costs and believes that refunds, if any, will be immaterial.

NOTE 8 – NOTES PAYABLE

In January 2007, the Agency obtained two loans for the purposes of purchasing office space to be shared with another nonprofit organization. The loans were refinanced with two new loans in September 2008. One loan provided proceeds of \$500,000 and requires annual payments of \$26,690 for forty years beginning September 2009, at an interest rate of 4.375%. Matures July 2048.

The second loan provided proceeds of \$480,000, requires interest only payments for one year, and monthly payments of \$3,095 for twenty-four years at an interest rate of 6%, with a balloon payment of \$54,293 at term end. Matures August 2024.

The Agency obtained a loan from the U.S.D.A. in July, 2002 for the Avery building located at 725 Cranberry Street Newland, NC 28657. The loan provided proceeds of \$155,000 and requires annual payments of \$9,978 at an interest rate of 4.75%. Matures December 2032.

Future maturities of the notes payable are as follows:

Year ending June 30,	2017	31,911
	2018	35,565
	2019	31,911
	2020	31,147
	2021	31,147
	Thereafter	<u>717,720</u>
	Total notes payable	\$ <u>879,401</u>

The amount of interest paid on these notes during the year was \$17,323.

W.A.M.Y. COMMUNITY ACTION, INC.
Notes to Financial Statements
For the Year Ended June 30, 2016

NOTE 9 – LEASES

The Agency entered into a lease for office space in Mitchell County, North Carolina effective 2014. The space is located at 261 Oak Avenue in Spruce Pine. The lease requires the Agency to pay \$300 a month to Blue Ridge Christian News and is on a month-to-month basis.

NOTE 10 – INTEREST

The federal government allows interest to be earned on idle deposits while still requiring no excess cash funds on hand. Since the Agency is a sub-recipient of state block grant funds and the state has the Agency on the advance method of funding, there are some idle funds that the Agency has in an interest-bearing account. The Agency accrues all interest earned in the individual funds. Subsequent to year end regulations were altered to reflect that interest earned on a particular program's excess funds are required to be reinvested into that programs expenditures.

NOTE 11 – COMPENSATED ABSENCES

According to accounting principles generally accepted in the United States of America, vested compensated absences should be accrued in the current period, if certain conditions are satisfied. Full time employees earn eight hours of annual leave per month with the exception of those who have previously been approved at a higher rate (grandfathered). Part time employees earn an equivalent number of hours based on the actual hours worked. Annual leave vests immediately, but only the amount earned in the current fiscal period is payable upon termination of employment. The vested amount of compensated absences at June 30, 2016 was \$11,751.

Sick leave is accrued at the same rate as annual leave but can only be used in lieu of work days due to illness. It does not vest and is not payable on termination.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

An adjusting entry was necessary to bring equity up due to prior liabilities were paid but did not carry over to the new year in the client's software. The client is looking into other accounting systems that are more reliable and up to date with technology.

NOTE 13 - SUBSEQUENT EVENT

As required by the Subsequent Events Topic of the FASB Accounting Standards Codification, the Agency has considered subsequent events through March 10, 2017 the date of the issuance, in preparing the financial statements and notes hereto.



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
W.A.M.Y. Community Action, Inc.

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 W.A.M.Y. Community Action, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and 2015, 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 March 10, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered W.A.M.Y. Community Action, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of W.A.M.Y. Community Action, Inc.'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 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.

Compliance and Other Matters

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

Purpose of this Report

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



Burkett Burkett & Burkett

Certified Public Accountants

Rock Hill, South Carolina

March 10, 2017

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

To the Board of Directors of
W.A.M.Y. Community Action, Inc.

Report on Compliance for Each Major Federal Program

We have audited W.A.M.Y. Community Action, 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 W.A.M.Y. Community Action, Inc.'s major federal programs for the year ended June 30, 2016. W.A.M.Y. Community Action, 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 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 each of W.A.M.Y. Community Action, 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 W.A.M.Y. Community Action, Inc.'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 W.A.M.Y. Community Action, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, W.A.M.Y. Community Action, 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 June 30, 2016.

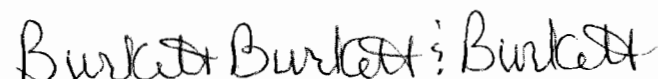
Report on Internal Control Over Compliance

Management of W.A.M.Y. Community Action, 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 W.A.M.Y. Community Action, 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 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 W.A.M.Y. Community Action, 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Burkett Burkett & Burkett
Certified Public Accountants
Rock Hill, South Carolina
March 10, 2017

W.A.M.Y Community Action, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>
<u>U.S. Department of Health And Human Services</u>			
Pass-through NC Department Of Health and Human Services, Office of Economic Opportunity:			
Community Services Block Grant	93.569	4333	\$ 387,497
Liheap	93.568		161,563
Total U.S. Department of Health and Human Services			\$ 549,060
<u>U.S. Department of Energy</u>			
Pass-Through NC Department of Commerce;			
Weatherization Assistance Program	81.042		\$ 41,798
Total Weatherization			\$ 41,798
HARRP	93.568		73,599
Total U.S. Department of Energy			\$ 115,397
<u>U.S. Department of Agriculture</u>			
Housing Preservation Grant	14.239		34,747
Total U.S. Department of Agriculture			\$ 34,747
<u>U.S. Department of Education</u>			
Passed through NC Department of Public Instruction			
21st Century Community Learning Center Program	84.287		146,297
Total U.S. Department of Education			\$ 146,297
Total Federal Funds Expended			\$ 845,501

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR W.A.M.Y. COMMUNITY ACTION, INC.
FOR THE YEAR ENDED JUNE 30, 2016

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR W.A.M.Y. COMMUNITY ACTION, INC.
FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE OF THE AUDITOR'S RESULTS:

1. The independent auditor's report on the financial statements expressed an unmodified opinion.
2. There were no significant deficiencies or material weakness in internal control over financial reporting disclosed in the audit of the financial statements.
3. The audit disclosed no material noncompliance matters in relation to the financial statements.
4. There were no significant deficiencies or material weakness in internal control over compliance applicable to major programs.
5. The report on compliance for major programs expressed an unmodified opinion.
6. The audit disclosed no audit findings.
7. The major programs of W.A.M.Y. Community Action, Inc. included in the audit were:
 - 93.569 Community Service Block Grant
 - 81.042 Weatherization
 - 14.239 Housing Preservation Grant
8. The dollar threshold for Type A programs for W.A.M.Y. Community Action, Inc., was \$750,000.
9. W.A.M.Y. Community Action, Inc., qualified as a low-risk auditee.

FINDINGS IN RELATION TO THE AUDIT OF THE FINANCIAL STATEMENTS

NONE

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE