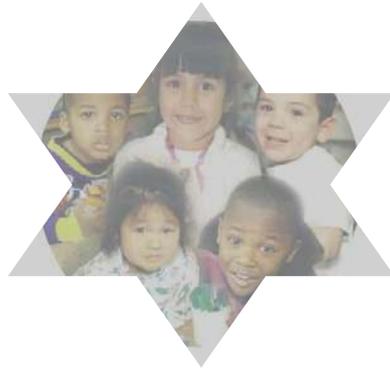


**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
FINANCIAL STATEMENTS,
SUPPLEMENTARY DATA,
AND COMPLIANCE REPORTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**



**ECONOMIC OPPORTUNITIES COUNCIL OF INDIAN RIVER COUNTY, INC.
FINANCIAL STATEMENTS, SUPPLEMENTARY DATA, AND COMPLIANCE REPORTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Economic Opportunities Council
of Indian River County, Inc.
Vero Beach, Florida.

We have audited the accompanying financial statements of the Economic Opportunities Council of Indian River County, Inc. (a non-profit organization) which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses 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 audits. We conducted our audits 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 of 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 auditors' 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Economic Opportunities Council of Indian River County, Inc. as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity 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 that collectively comprise the Economic Opportunities Council of Indian River County, Inc.'s basic financial statements. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 May 24, 2019 on our consideration of the Economic Opportunities Council of Indian River County, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Economic Opportunities Council of Indian River County, Inc.'s internal control over financial reporting and compliance.

L.F. Harris & Associates

L. F. Harris & Associates, CPA, PA
Orlando, Florida
May 24, 2019

FINANCIAL STATEMENTS



**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
As of September 30, 2018 and 2017**

| | ASSETS | 2018 | 2017 |
|--|---------------|---------------------|--------------|
| Current Assets: | | | |
| Cash and cash equivalents | | \$ 191,862 | \$ 224,399 |
| Temporarily restricted cash | | 18,067 | 61,826 |
| Grants receivables | | 671,631 | 617,065 |
| Other receivables | | 4,162 | - |
| Prepaid expenses and other assets | | 6,664 | 6,664 |
| Total Current Assets | | 892,386 | 909,954 |
| Property and Equipment: | | | |
| Property and equipment (net of accumulated depreciation of \$1,668,344 and \$1,721,460 respectively) | | 370,410 | 284,861 |
| Total Assets | | \$ 1,262,796 | \$ 1,194,815 |
| LIABILITIES AND NET ASSETS | | | |
| Current Liabilities: | | | |
| Accounts payable | | \$ 3,629 | \$ 24,359 |
| Accrued expenses | | 285,456 | 214,432 |
| Total Current Liabilities | | 289,085 | 238,791 |
| Net Assets: | | | |
| Unrestricted Net Assets | | 955,644 | 894,198 |
| Temporarily Restricted Net Assets | | 18,067 | 61,826 |
| Total Net Assets | | 973,711 | 956,024 |
| Total Liabilities and Net Assets | | \$ 1,262,796 | \$ 1,194,815 |

See accompanying notes to financial statements

**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2018 and 2017**

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| Unrestricted Revenues and Support : | | |
| Revenues and Support: | | |
| Grant Revenue | \$ 5,047,332 | \$ 4,542,227 |
| Donated Materials and Services | 126,292 | 115,844 |
| Contributions | 65,017 | 25,387 |
| Miscellaneous Revenue | 23,939 | 4,913 |
| Program Income | 3,728 | 10,450 |
| Net Assets Released From Restrictions | <u>118,445</u> | <u>111,495</u> |
| Total Unrestricted Revenues and Support | <u>5,384,753</u> | <u>4,810,316</u> |
| Unrestricted Expenses : | | |
| Program Services | 4,749,956 | 4,119,826 |
| Management and General | <u>573,351</u> | <u>547,881</u> |
| Total Unrestricted Expenses | <u>5,323,307</u> | <u>4,667,707</u> |
| Increase in Unrestricted Net Assets | 61,446 | 142,609 |
| Temporarily Restricted Revenues and Support: | | |
| Revenue and Support: | | |
| Contributions | 74,686 | 84,657 |
| Net Assets Released from Restrictions | <u>(118,445)</u> | <u>(111,495)</u> |
| Increase (decrease) In Temporarily Restricted Net Assets | <u>(43,759)</u> | <u>(26,838)</u> |
| Change in Net Assets | 17,687 | 115,771 |
| Net Assets Beginning of Year | <u>956,024</u> | <u>840,253</u> |
| Total Net Assets at End of Year | <u>\$ 973,711</u> | <u>\$ 956,024</u> |

See accompanying notes to financial statements

**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2018 and 2017**

| | 2018 | 2017 |
|--|--------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Cash received from grants | \$ 4,988,604 | \$ 4,386,668 |
| Cash received from contributions | 139,703 | 110,044 |
| Cash received from other revenue sources | 27,667 | 15,363 |
| Cash paid to suppliers and employees | (5,082,043) | (4,620,305) |
| Net Cash Provided by (Used in) Operating Activities | 73,931 | (108,230) |
| Cash Flows from Investing Activities: | | |
| Cash payments for property and equipment | (150,227) | (12,344) |
| Net Cash Used in Investing Activities | (150,227) | (12,344) |
| Net increase (decrease) in cash and equivalents | (76,296) | (121,194) |
| Cash, cash equivalents and temporarily restricted cash, Beginning of Year | 286,225 | 407,419 |
| Cash, cash equivalents and temporarily restricted cash, End of year | \$ 209,929 | \$ 286,225 |
| Reconciliation of Operating Activities to | | |
| Net Cash Provided by (Used in) Operating Activities: | | |
| Increase (Decrease) in net assets | \$ 61,446 | \$ 142,609 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 64,678 | 42,870 |
| Increase (decrease) in temporarily restricted cash | (43,759) | (26,838) |
| (Increase) decrease in accounts receivable | (58,728) | (155,559) |
| Increase (decrease) in accounts payable | (20,730) | 8,059 |
| Increase (decrease) in accrued liabilities | 71,024 | (119,371) |
| Increase (decrease) in deferred revenue | - | - |
| Net Cash Provided by Operating Activities | \$ 73,931 | \$ (108,230) |

See accompanying notes to financial statements

**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2018**

| | PROGRAM SERVICES | | | | | | SUPPORT SERVICES | 2018 | |
|---|--|-------------------|---------------------|--|-------------------------|---|------------------------------|------------------------------|---|
| | Community Service Block Grant | VPK | Head Start | Low- Income Energy Assistance | USDA Food Program | Weatherization Assistance for Low- Income Persons | Total Program Services | Management and General | Total Program and Support Services |
| Salaries and fringe benefits | \$ 104,400 | \$ 256,465 | \$ 2,404,013 | \$ 77,566 | \$ - | \$ 4,636 | \$ 2,847,080 | \$ 339,982 | \$ 3,187,062 |
| Accounting services | 2,875 | - | 9,400 | 2,125 | - | - | 14,400 | 4,600 | 19,000 |
| Client assistance | 177,819 | - | - | - | - | - | 177,819 | - | 177,819 |
| Contractual services | - | 7,099 | 30,817 | - | - | - | 37,916 | 16,693 | 54,609 |
| Crisis benefits | - | - | - | 229,105 | - | - | 229,105 | - | 229,105 |
| Depreciation | - | - | 24,824 | - | - | - | 24,824 | 39,854 | 64,678 |
| Equipment leasing | 4,041 | 5,461 | 7,745 | 3,525 | - | - | 20,772 | 2,927 | 23,699 |
| Food | - | 14,525 | 14,036 | - | 232,491 | - | 261,052 | - | 261,052 |
| Home energy benefits | - | - | - | 326,565 | - | - | 326,565 | - | 326,565 |
| In-kind expenditures | - | - | 126,292 | - | - | - | 126,292 | - | 126,292 |
| Insurance | - | 2,680 | 5,701 | - | - | - | 8,381 | 36,268 | 44,649 |
| Material and supplies | 6,912 | 6,059 | 133,317 | 3,585 | 43,578 | 10,588 | 204,039 | 850 | 204,889 |
| Other | - | 963 | 14,423 | 2,458 | - | 9,410 | 27,254 | 45,235 | 72,489 |
| Rent and occupancy | 10,619 | 4,237 | 215,184 | 2,213 | - | - | 232,253 | 13,396 | 245,649 |
| Repairs and maintenance | 2,758 | 3,973 | 81,507 | 387 | - | - | 88,625 | 29,648 | 118,273 |
| Telephone | 1,023 | 5,551 | 22,225 | 1,851 | - | - | 30,650 | 7,288 | 37,938 |
| Training | - | 8,850 | 26,922 | - | - | - | 35,772 | 32,625 | 68,397 |
| Transportation | - | 1,528 | 42,437 | - | - | - | 43,965 | - | 43,965 |
| Travel | 3,162 | 878 | 5,055 | 4,097 | - | - | 13,192 | 3,985 | 17,177 |
| Functional Expenses Reported By Function on The Statement of Activities | 313,609 | 318,269 | 3,163,898 | 653,477 | 276,069 | 24,634 | 4,749,956 | 573,351 | 5,323,307 |
| Total Functional Expenses | \$ 313,609 | \$ 318,269 | \$ 3,163,898 | \$ 653,477 | \$ 276,069 | \$ 24,634 | \$ 4,749,956 | \$ 573,351 | \$ 5,323,307 |

See accompanying notes to financial statements

**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2017**

| | PROGRAM SERVICES | | | | | | SUPPORT SERVICES | 2017 | |
|---|--|-------------------|---------------------|--|-------------------------|---|------------------------------|------------------------------|---|
| | Community Service Block Grant | VPK | Head Start | Low- Income Energy Assistance | USDA Food Program | Weatherization Assistance for Low- Income Persons | Total Program Services | Management and General | Total Program and Support Services |
| Salaries and fringe benefits | \$ 101,805 | \$ 104,047 | \$ 2,241,688 | \$ 71,179 | \$ 33,867 | \$ - | \$ 2,552,586 | \$ 283,412 | \$ 2,835,998 |
| Accounting services | 2,125 | - | 9,000 | 1,500 | | | 12,625 | 6,375 | 19,000 |
| Client assistance | 73,324 | - | - | - | - | - | 73,324 | - | 73,324 |
| Contractual services | - | 200 | 19,097 | - | - | - | 19,297 | 74,031 | 93,328 |
| Crisis benefits | - | - | | 186,173 | - | - | 186,173 | - | 186,173 |
| Depreciation | - | - | 24,824 | | | | 24,824 | 18,046 | 42,870 |
| Equipment leasing | 1,264 | 2,280 | 6,156 | 1,597 | - | - | 11,297 | 2,564 | 13,861 |
| Food | - | 404 | 7,655 | - | 188,020 | - | 196,079 | - | 196,079 |
| Home energy benefits | - | - | - | 345,621 | - | - | 345,621 | - | 345,621 |
| In-kind expenditures | - | - | 115,844 | - | - | - | 115,844 | - | 115,844 |
| Insurance | - | - | - | - | - | - | - | 41,592 | 41,592 |
| Material and supplies | 3,220 | 366 | 88,204 | 213 | 27,026 | 84,797 | 203,826 | 4,511 | 208,337 |
| Other | 770 | 2,032 | 33,719 | 1,167 | 1,739 | 57,322 | 96,749 | 51,588 | 148,337 |
| Rent and occupancy | 3,612 | 15,278 | 104,584 | 4,525 | - | - | 127,999 | 9,821 | 137,820 |
| Repairs and maintenance | 1,736 | 4,600 | 64,153 | 3,632 | - | - | 74,121 | 6,944 | 81,065 |
| Telephone | 954 | 6,837 | 15,965 | 329 | - | - | 24,085 | 14,543 | 38,628 |
| Training | 5,417 | 6,066 | 12,890 | - | - | - | 24,373 | 31,923 | 56,296 |
| Transportation | - | 900 | 25,529 | - | - | - | 26,429 | - | 26,429 |
| Travel | 963 | 89 | 2,860 | 662 | - | - | 4,574 | 2,531 | 7,105 |
| Functional Expenses Reported By Function on The Statement of Activities | 195,190 | 143,099 | 2,772,168 | 616,598 | 250,652 | 142,119 | 4,119,826 | 547,881 | 4,667,707 |
| Total Functional Expenses | \$ 195,190 | \$ 143,099 | \$ 2,772,168 | \$ 616,598 | \$ 250,652 | \$ 142,119 | \$ 4,119,826 | \$ 547,881 | \$ 4,667,707 |

See accompanying notes to financial statements

ECONOMIC OPPORTUNITIES COUNCIL OF INDIAN RIVER COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Economic Opportunities Council of Indian River County, Inc. (“the Council”) is a non-profit, non-political, community service council supported by grants from governmental agencies. The Council provides a Head Start program for working families, emphasizing high quality school readiness for disadvantaged pre-school children. The Council also provides comprehensive services in the areas of housing, energy conservation, and nutrition for low-income families.

The Council functions through a board of directors representing a cross-section of the public and depends largely on the participation and support of the entire community. The Economic Opportunities Council of Indian River County, Inc. is an advocate for the disadvantaged members of our population.

Basis of Presentation

Financial statement presentation follows the recommendations of the Accounting Standards Codification (“ASC”) 958, Not-for-Profit Entities. Under ASC 958, the Council is required to report information regarding its financial position and activities according to three classes of net assets:

- 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 can be fulfilled by actions of the Council pursuant to those stipulations or that expire by the passage of time; and
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that the Council must maintain permanently. Generally, the donors of such assets permit the Council to use all or part of the income earned on the assets.

The Council had no permanently restricted net assets but had temporarily restricted net assets of \$18,067 and \$61,826 as of September 30, 2018 and 2017 respectively. The Council’s program expenses are presented in the accompanying Statements of Functional Expenses.

Grants Receivable

Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Council provides for losses on accounts receivable using the allowance method. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. It is the Council’s policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At September 30, 2018 and 2017, there were no allowances for uncollectible accounts as management deemed the entire balances collectible.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ECONOMIC OPPORTUNITIES COUNCIL OF INDIAN RIVER COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Contributions Including Promises to Give

The Council accounts for contributions, including promises to give received from third parties, in accordance with the recommendations of the Accounting Standards Codification (“ASC”) 958. In accordance with ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

Promises to give may be conditional or unconditional. Unconditional promises to give are recognized as revenue in the period received and as increases in net assets or decreases in liabilities or expenses, depending on the form of the benefits received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year, and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Cash and Cash Equivalents

The Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Council maintains its cash balances with high quality financial institutions. From time to time, cash balances may exceed the FDIC limit of \$250,000. As of September 30, 2018, and 2017, the Council had cash deposits in excess of insured limits in the amounts of \$9,806 and \$162,884 respectively.

Property and Equipment

The Council capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, or restrict their use to a specific program, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Expenditures for repairs and maintenance are expensed as incurred.

Depreciation is provided over the estimated useful lives (5-15 years) of the respective assets on a straight-line basis.

Donated Materials and Services

The value of donated materials included in the financial statements as revenues and expenses for the years ended September 30, 2018 and 2017 are as follows:

| | <u>2018</u> | <u>2017</u> |
|----------------|-------------------|-------------------|
| Food | \$ 11,056 | \$ 8,630 |
| Rent | 100,000 | 80,846 |
| Supplies/Other | <u>15,236</u> | <u>26,368</u> |
| Total | <u>\$ 126,292</u> | <u>\$ 115,844</u> |

ECONOMIC OPPORTUNITIES COUNCIL OF INDIAN RIVER COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Donated Materials and Services (continued)

No amounts have been reflected in the financial statements for volunteer services. The Council's management estimates that the fair market value of donated services received but not recognized as revenues was \$88,083 and \$47,024 for the years ended September 30, 2018 and 2017, respectively. The Council pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Council with specific assistance programs, campaign solicitations, and various committee assignments. The Council received 8,501 and 7,080 in volunteer hours for the years ended September 30, 2018 and 2017, respectively.

The facilities where the Council operates its childcare centers were donated by local governmental agencies which own the real property at the site. Amounts have been recognized as revenues and expenses in the accompanying financial statements for the fair market value of the donated facilities which were \$100,000 and \$80,846 for the years ended September 30, 2018 and 2017 respectively. All operating and maintenance expenses for the facilities are the responsibility of the Council.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any expenditure not directly chargeable to a particular program is allocated based on the relative benefit provided.

Tax Exempt Status

The Council is a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code. The Council has been determined to be other than a private foundation under the meaning of Section 509(a) of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the accompanying financial statements.

(INTENTIONALLY LEFT BLANK)

ECONOMIC OPPORTUNITIES COUNCIL OF INDIAN RIVER COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE B - GRANTS RECEIVABLE

Grants receivable represents reimbursement of allowable costs incurred but not yet received from the grantor. Grants receivable consists of the following as of September 30, 2018 and 2017:

| <u>Grants</u> | <u>CFDA/ CSFA #</u> | <u>2018</u> | <u>2017</u> |
|---|-------------------------|-------------------------|-------------------------|
| U.S. Department of Health and Human Services - Head Start Program | 93.600 | \$371,816 | \$268,976 |
| U.S. Department of Agriculture - Child and Adult Care Food Program | 10.558 | 28,313 | 19,472 |
| U.S. Department of Energy – Low Income Home Energy Assistance Program | 93.568 | 143,798 | 213,220 |
| U.S. Department of Community Affairs – Community Service Block Grant | 93.569 | 48,049 | 46,498 |
| Department of Education – Voluntary Pre-Kindergarten Education Program | 48.108 | 71,629 | - |
| U.S. Department of Energy – Weatherization Assistance for Low-Income Persons | 81.042 | 8,026 | 68,899 |
| | | <u>\$671,631</u> | <u>\$617,065</u> |

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, including the cost of additions and significant improvements that materially extend asset lives. At September 30, 2018 and 2017, property and equipment consisted of the following:

| | | |
|---------------------------------------|---------------------------|--------------------|
| | <u>2018</u> | <u>2017</u> |
| Building | \$ 323,162 | \$ 323,162 |
| Building improvements | 602,139 | 604,027 |
| Furniture, furnishings, and equipment | 593,182 | 539,904 |
| Vehicles | 520,271 | 539,228 |
| Total | <u>2,038,754</u> | <u>2,006,321</u> |
| Less accumulated depreciation | <u>(1,668,344)</u> | <u>(1,721,460)</u> |
| Net property and equipment | <u>\$ 370,410</u> | <u>\$ 284,861</u> |

Depreciation of \$64,679 and \$42,870 was charged to expense in the years ended September 30, 2018 and 2017, respectively.

ECONOMIC OPPORTUNITIES COUNCIL OF INDIAN RIVER COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE D – TEMPORARILY RESTRICTED NET ASSETS

During 2018, the Council received \$74,686 in temporarily restricted contributions. Donor restrictions require the Council to utilize these contributions to fund expenditures for the two Early Bird classrooms. The Council's management anticipates that the donors will not require the contribution to be returned to the donors, and accordingly, no provision has been made for any liabilities that might arise from this noncompliance. At September 30, 2018 the balance in temporary restricted net assets was \$18,067.

NOTE E - CONTINGENCIES

The Council participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives, as well as annual federal and state single audits. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

NOTE F - ECONOMIC DEPENDENCY

The Council's major source of revenue is from a Head Start Program grant awarded by the U.S. Department of Health and Human Services. Revenues derived from this grant accounted for approximately 62.32% and 60.10% of total revenues each year, and amounted to \$3,145,581 and \$2,729,803 for the years ended September 30, 2018 and 2017, respectively.

NOTE G - CASH FLOW INFORMATION

Income taxes and Interest paid for the years ended September 30, 2018 and 2017 were \$0.

NOTE H - RETIREMENT PLAN

The Council has a SEP-IRA retirement plan covering all employees who meet the age and length of service eligibility requirements of twenty-one years of age and one year of service, respectively. The Council's contributions to the plan are determined annually by its Board of Directors. Contributions to the plan were \$53,528 and \$71,389 for the years ended September 30, 2018 and 2017, respectively.

ECONOMIC OPPORTUNITIES COUNCIL OF INDIAN RIVER COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE I - LEASING ARRANGEMENTS

The Council's administrative offices are located in a facility which is leased under a five-year non-cancelable operating lease which expires in June 2022.

Rental expense under all operating leases for the years ended September 30, 2018 and 2017 was \$58,630 and \$42,451, respectively.

Future minimum lease payments as of September 30, 2018, are as follows:

| | |
|------------------------------|-------------------|
| Years Ending September 30: | |
| 2019 | \$ 50,955 |
| 2020 | 52,470 |
| 2021 | 54,042 |
| 2022 | 41,436 |
| Total minimum lease payments | <u>\$ 198,903</u> |

NOTE J – CONTINGENCIES

During November 2018 after year end, the Council was informed that it had a potential penalty for non – compliance with ACA regulations. The Council is in negotiation with the Internal Revenue Service and the estimated liability is between \$18,000 and \$78,000.

NOTE K – SUBSEQUENT EVENTS

The Council has evaluated subsequent events through May 24, 2019, which is the date which the financial statements were available to be issued. There were no subsequent events requiring adjustment or disclosure in the financial statements.

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SUPPLEMENTARY DATA



**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2018**

| Federal/State Agency, Federal Program/State Project | CFDA/ CSFA Number | Grantor Number | Program or Award Amount (\$) | Federal Expenditures (\$) |
|--|-------------------------|----------------------|---------------------------------------|---------------------------------|
| <u>U.S. Department of Health and Human Services:</u> | | | | |
| Head Start Program | 93.600 | 04CH01031702 | 2,833,601 | 948,482 |
| Head Start Program | 93.600 | 04CH01031703 | 3,086,550 | 2,197,099 |
| | | | | <u>3,145,581</u> |
| <u>U.S. Department of Energy:</u> | | | | |
| Passed through State of Florida | | | | |
| Department of Economic Opportunity: | | | | |
| Low Income Home Energy Assistance Program | 93.568 | 17EA-0F-10-40-04-011 | 622,666 | 312,748 |
| Low Income Home Energy Assistance Program | 93.568 | 17EA-0F-10-40-04-011 | 1,028,348 | 387,897 |
| | | | | <u>700,645</u> |
| U.S. Department of Energy: | | | | |
| Passed through State of Florida | | | | |
| Department of Economic Opportunity: | | | | |
| Weatherization Assistance For Low Income Persons | 81.042 | 17WX-0G-10-40-04-035 | 279,954 | 47,746 |
| <u>U.S. Department of Health and Human Services:</u> | | | | |
| Passed through State of Florida | | | | |
| Department of Economic Opportunity: | | | | |
| Community Services Block Grant | 93.569 | 17SB-0D-01-40-04-012 | 375,991 | 194,469 |
| Community Services Block Grant | 93.569 | 17SB-0D-01-40-04-012 | 271,652 | 148,194 |
| | | | | <u>342,663</u> |
| <u>U.S. Department of Agriculture:</u> | | | | |
| Passed through State of Florida | | | | |
| Florida Department of Health: | | | | |
| Child Care Food Program | 10.558 | S-729 | 284,011 | 276,083 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | <u><u>4,512,718</u></u> |

See accompanying notes to financial statements

ECONOMIC OPPORTUNITIES COUNCIL OF INDIAN RIVER COUNTY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes grant activity of the Economic Opportunities Council of Indian River County, Inc. for the year ended September 30, 2018. The information in this schedule is presented in accordance with the requirements of OMB Compliance Supplement. Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Council.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained at Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by a grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Council. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

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COMPLIANCE





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
Economic Opportunities Council
of Indian River County, Inc.
Vero Beach, Florida.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Economic Opportunities Council of Indian River County, Inc. (a non-profit organization), which comprise the statement of financial position as of September 30, 2018, 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 May 24, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 the internal control over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the Economic Opportunities Council of Indian River County, Inc.'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 non-compliance 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 Economic Opportunities Council of Indian River County, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

L.F. Harris & Associates

L.F. Harris & Associates, CPA, P.A.
Orlando, Florida
May 24, 2019



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

To the Board of Directors
Economic Opportunities Council
of Indian River County, Inc.
Vero Beach, Florida

Report on Compliance for Each Major Federal Award Program

We have audited Economic Opportunities Council of Indian River County, Inc.'s (a non-profit organization) (the "Council") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal award programs for the year ended September 30, 2018.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Economic Opportunities Council of Indian River County, 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 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 Economic Opportunities Council of Indian River County, 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 Economic Opportunities Council of Indian River County, Inc.'s each major federal program. However, our audit does not provide a legal determination of Economic Opportunities Council of Indian River County, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Economic Opportunities Council of Indian River County, Inc. 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 September 30, 2018.

Report on Internal Control over Compliance

Management of Economic Opportunities Council of Indian River County, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council'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 Economic Opportunities Council of Indian River County, Inc.'s internal control over compliance.

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

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

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

L.F. Harris & Associates

L.F. Harris & Associates, CPA, P.A.
Orlando, Florida
May 24, 2019

**ECONOMIC OPPORTUNITIES COUNCIL OF INDIAN RIVER COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

PART I. SUMMARY OF AUDITORS' RESULTS:

| | |
|--|---|
| 1. Financial Statements | |
| a) The type of auditors' report issued on the financial statements | Unmodified |
| b) Internal control over financial reporting: | |
| i. Material weakness identified? | No |
| ii. Significant deficiencies identified not considered to be material weaknesses | No |
| c) Non-compliance that is material to the financial statement reported? | No |
| d) Internal control over major federal programs and state projects: | |
| i. Material weakness identified? | No |
| ii. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| e) Type of auditors' report issued on compliance for major federal programs and state projects | Unmodified |
| f) Any audit findings relative to the major federal programs and state projects | No |
| g) Identification of major federal programs and state projects tested | <u>Federal Programs</u> US DEPT. OF HEALTH & HUMAN SERVICES. Passed through: Florida Dept, of Energy Assistance LIHEAP CFDA No. 93.568 CSBG CFDA No. 93.569 |
| h) Dollar threshold used to distinguish between type A and B programs and projects | <u>Major Federal Programs</u> \$750,000 |
| i) Does the auditee qualify as a low-risk auditee? | Yes |

PART II. FINDINGS - FINANCIAL STATEMENTS

None.

PART III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2018

None.



Communication with Those Charged with Governance

To the Board of Directors
Economic Opportunities Council
of Indian River County, Inc.
Vero Beach, Florida

We have audited the financial statements of Economic Opportunities Council of Indian River County, Inc. for the year ended September 30, 2018, and we will issue our report thereon dated May 24, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 25, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Economic Opportunities Council of Indian River County, Inc. are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 24, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Audit Committee, the Board of Directors, and Management of the Economic Opportunities Council of Indian River County, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



L.F. Harris & Associates, CPA, P.A.
Orlando, Florida
May 24, 2019