

Streamlined Annual PHA Plan (High Performer PHAs)

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB No. 2577-0226
Expires: 02/29/2016

Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

Applicability. Form HUD-50075-HP is to be completed annually by **High Performing PHAs**. PHAs that meet the definition of a Standard PHA, Troubled PHA, HCV-Only PHA, Small PHA, or Qualified PHA do not need to submit this form.

Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, and that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment, and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

A. PHA Information.	
A.1	<p>PHA Name: Choanoke Area Development Association, Inc. PHA Code: <u>_NC-139_</u></p> <p>PHA Type: <input type="checkbox"/> Small <input checked="" type="checkbox"/> High Performer</p> <p>PHA Plan for Fiscal Year Beginning: (MM/YYYY): <u>07/2020</u></p> <p>PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)</p> <p>Number of Public Housing (PH) Units <u>_483_</u> Number of Housing Choice Vouchers (HCVs) _____</p> <p>Total Combined <u>_483_</u></p> <p>PHA Plan Submission Type: <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission</p> <p>Availability of Information. In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan, but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.</p> <p>Choanoke Area Development Association Inc. P.O. Box 530 Rich Square, NC 27869</p> <p>Choanoke Area Development Association, Inc. (Hertford County Office) P.O. 105 N. Academy St. Bldg. B Ahoskie, NC 27910</p> <p>Bertie - Choanoke Area Development Association, Inc. Community Service Center 128 E. Granville St. Windsor, NC 27983</p> <p>Website: www.nc-cada.org</p>

☐ **PHA Consortia:** (Check box if submitting a Joint PHA Plan and complete table below)

Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program	
				PH	HCV
Lead PHA:					

B. Annual Plan Elements

B.1 Revision of PHA Plan Elements.

(a) Have the following PHA Plan elements been revised by the PHA since its last **Annual PHA Plan** submission?

Y N

- ☐ ☒ Statement of Housing Needs and Strategy for Addressing Housing Needs.
- ☐ ☒ Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.
- ☐ ☒ Financial Resources.
- ☐ ☒ Rent Determination.
- ☐ ☒ Homeownership Programs.
- ☐ ☒ Safety and Crime Prevention.
- ☐ ☒ Pet Policy.
- ☐ ☒ Substantial Deviation.
- ☐ ☒ Significant Amendment/Modification

(b) The PHA must submit its Deconcentration Policy for Field Office Review.

(c) If the PHA answered yes for any element, describe the revisions for each element below:

B.2 New Activities.

(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?

Y N

- ☐ ☒ Hope VI or Choice Neighborhoods.
- ☐ ☒ Mixed Finance Modernization or Development.
- ☐ ☒ Demolition and/or Disposition.
- ☐ ☒ Conversion of Public Housing to Tenant Based Assistance.
- ☐ ☒ Conversion of Public Housing to Project-Based Assistance under RAD.
- ☐ ☒ Project Based Vouchers.
- ☐ ☒ Units with Approved Vacancies for Modernization.
- ☐ ☒ Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project based units and general locations, and describe how project basing would be consistent with the PHA Plan.

B.3	<p>Progress Report.</p> <p>Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year Plan.</p> <p>Choanoke Area Development Association, Inc., meets the Goals and Missions by working directly with it many partners, such as the Department of Social Service Hertford and Bertie Counties (DSS), Safety for Abused Families and Emergency (SAFE), Ahoskie Police Department (APD), Ahoskie Child Support Enforcement Office (CS)</p> <p>Choanoke Area Development Association, Inc., have resources to assist families with a number of programs within the agency such as the Head Start/ Early Head Start, Emergency Assistance Weatherization Program, Homebuyer's Education and First Time Homebuyers. These program alone will allow people to seek employment while their children are being taken care of by professionals, provide energy assist to families in need. (electric bills) conservation of energy and the Homebuyer's Education and First Time Homebuyers offers participants of the Housing Choice Voucher Program an opportunity to receive and utilize knowledge gained from the HUD Certified Counselors on staff.</p>
B.4.	<p>Most Recent Fiscal Year Audit.</p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, please describe:</p>
Other Document and/or Certification Requirements.	
C.1	<p>Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan</p> <p><u>Form 50077-ST-HCV-HP, Certification of Compliance with PHA Plans and Related Regulations</u>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
C.2	<p>Civil Rights Certification.</p> <p><u>Form 50077-ST-HCV-HP, Certification of Compliance with PHA Plans and Related Regulations</u>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
C.3	<p>Resident Advisory Board (RAB) Comments.</p> <p>(a) Did the RAB(s) provide comments to the PHA Plan?</p> <p>Y N <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p>

C.4	Certification by State or Local Officials. <i>Form HUD 50077-SL, Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan, must be submitted by the PHA as an electronic attachment to the PHA Plan.</i>
D	Statement of Capital Improvements. Required in all years for all PHAs completing this form that administer public housing and receive funding from the Capital Fund Program (CFP).
D.1	Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan (HUD-50075.2) and the date that it was approved by HUD.

Instructions for Preparation of Form HUD-50075-HP Annual Plan for High Performing PHAs

A. PHA Information. All PHAs must complete this section.

- A.1** Include the full PHA Name, PHA Code, PHA Type, PHA Fiscal Year Beginning (MM/YYYY), PHA Inventory, Number of Public Housing Units and or Housing Choice Vouchers (HCVs), PHA Plan Submission Type, and the Availability of Information, specific location(s) of all information relevant to the public hearing and proposed PHA Plan. (24 CFR §903.23(4)(e))

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. (24 CFR §943.128(a))

B. Annual Plan.

B.1 Revision of PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the "yes" box. If an element has not been revised, mark "no."

☐ **Statement of Housing Needs and Strategy for Addressing Housing Needs.** Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA's strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income), (ii) elderly families and families with disabilities, and (iii) households of various races and ethnic groups residing in the jurisdiction or on the waiting list based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. For years in which the PHA's 5-Year PHA Plan is also due, this information must be included only to the extent it pertains to the housing needs of families that are on the PHA's public housing and Section 8 tenant-based assistance waiting lists. 24 CFR §903.7(a)(1) and 24 CFR §903.12(b). Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. For years in which the PHA's 5-Year PHA Plan is also due, this information must be included only to the extent it pertains to the housing needs of families that are on the PHA's public housing and Section 8 tenant-based assistance waiting lists. 24 CFR §903.7(a)(2)(ii) and 24 CFR §903.12(b).

☐ **Deconcentration and Other Policies that Govern Eligibility, Selection and Admissions.** Describe the PHA's admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA's policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and

income mixing requirements. 24 CFR §903.7(b) Describe the PHA's procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists. 24 CFR §903.7(b) A statement of the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. (24 CFR §903.7(b)) Describe the unit assignment policies for public housing. 24 CFR §903.7(b)

☐ **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. (24 CFR §903.7(c))

☐ **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d))

☐ **Homeownership Programs.** A description of any homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. For years in which the PHA's 5-Year PHA Plan is also due, this information must be included only to the extent that the PHA participates in homeownership programs under section 8(y) of the 1937 Act. (24 CFR §903.7(k)) and 24 CFR §903.12(b).

☐ **Safety and Crime Prevention (VAWA).** A description of: 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; 2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and 3) Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. (24 CFR §903.7(m)(5))

☐ **Pet Policy.** Describe the PHA's policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))

☐ **Substantial Deviation.** PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

☐ **Significant Amendment/Modification.** PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan. Should the PHA fail to define 'significant amendment/modification', HUD will consider the following to be 'significant amendments or modifications': a) changes to rent or admissions policies or organization of the waiting list; b) additions of non-emergency public housing CFP work items (items not included in the current CFP Annual Statement or CFP 5-Year Action Plan); or c) any change with regard to demolition or disposition, designation, homeownership programs or conversion activities. See guidance on HUD's website at: Notice PIH 1999-51. (24 CFR §903.7(r)(2)(ii))

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see 24 CFR 903.2. (24 CFR §903.23(b))

B.2 New Activities. If the PHA intends to undertake any new activities related to these elements or discretionary policies in the current Fiscal Year, mark "yes" for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark "no."

☐ **Hope VI.** 1) A description of any housing (including project name, number (if known) and unit count) for which the PHA will apply for HOPE VI; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>. (Notice PIH 2010-30)

☐ **Mixed Finance Modernization or Development.** 1) A description of any housing (including name, project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Mixed Finance Modernization or Development is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>. (Notice PIH 2010-30)

☐ **Demolition and/or Disposition.** Describe any public housing projects owned by the PHA and subject to ACCs (including name, project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and (2) A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm. (24 CFR §903.7(h))

☐ **Conversion of Public Housing.** Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>. (24 CFR §903.7(j))

☐ **Project-Based Vouchers.** Describe any plans to use HCVs for new project-based vouchers. (24 CFR §983.57(b)(1)) If using project-based vouchers, provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan.

☐ **Other Capital Grant Programs** (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

B.3 Progress Report. For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan. (24 CFR §903.7(r)(1))

B.4 Most Recent Fiscal Year Audit. If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided. (24 CFR §903.7(p))

C. Other Document and/or Certification Requirements

- C.1 Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.** Provide a certification that the following plan elements have been revised, provided to the RAB for comment before implementation, approved by the PHA board, and made available for review and inspection by the public. This requirement is satisfied by completing and submitting form HUD-50077 SM-HP.
- C.2 Civil Rights Certification.** Form HUD-50077 SM-HP, *PHA Certifications of Compliance with the PHA Plans and Related Regulation*, must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction. (24 CFR §903.7(o))
- C.3 Resident Advisory Board (RAB) comments.** If the RAB provided comments to the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. (24 CFR §903.13(c), 24 CFR §903.19)
- C.4 Certification by State or Local Officials.** Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. (24 CFR §903.15)

D. Statement of Capital Improvements. PHAs that receive funding from the Capital Fund Program (CFP) must complete this section. (24 CFR 903.7 (g))

- D.1 Capital Improvements.** In order to comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan. PHAs can reference the form by including the following language in Section C. 8.0 of the PHA Plan Template: "See HUD Form 50075.2 approved by HUD on XX/XX/XXXX."

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Public reporting burden for this information collection is estimated to average 16.64 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

Choanoke Area Development Association, Inc.

Section B.1

Statement of Housing Needs and Strategy for Addressing Housing Needs.

The waiting list is comprised of applicants of various income limits including the extremely low, very low and low income families. This waiting list is nonbiased to race, creed, color age, ethnicity or disability.

The housing needs based on the current waiting list is 388 applicants; 92% is at 30% of AMI which constitute as extremely low income families, 6% is at 50% of the AMI and is considered as very low income.

CADA, Inc. provide services to the families in our jurisdiction by the issuance of vouchers on a monthly bases to families that are on our waiting list by date and time. However, this process is implemented unless we acquire an applicant that qualify for a preference. Those preferences are Domestic Violence, Involuntary Displaced, Homelessness, Displaced due to Inaccessibility and Economic Hardship.

In the event that such applicants have applied and can provide documentation of their situation, they will be placed at the top of the waiting list and take president over all others.

We provide our families with a housing stock list with available units within the service area of Bertie and Hertford Counties. This list is also maintained on our website weekly for families viewing.

CADA, Inc. plans to continue to strive toward encouraging landlords to rent to our families even though the impeding cost has impacted our area. CADA is continuing to surge forward for the betterment of the families we serve.

Deconcentration and Other Policies that Govern Eligibility, Selection and Admission.

Deconcentration – CADA services a population of extremely low income to low income families as designated by HUD. This provides families the ability to diversify neighborhoods within our jurisdiction. In order to assist in implementing deconcentration, we offer voucher holders a hard copy of our housing stock list. We also update this list on our website weekly, therefore, families are able to access the information at their discretion.

Eligibility – The family must be eligible for participation and must meet HUD's requirements, as well as, any permissible additional criteria established by the PHA CADA

1. Must consist of a family
2. Must be within the appropriate income limits
3. Must have a declaration of citizenship

Selection – The selection process is determined by the applicant's eligibility to qualify for a preference. Those persons that are deemed eligible for a preference are selected first from the waiting list. All others are selected by date and time. The preferences are as follows:

1. Domestic Violence
2. Involuntarily Displaced
3. Homelessness
4. Displaced of unit inaccessibility

Financial Resources



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Financial Management Center
2380 McGee Street, Suite 400
Kansas City, MO 64108-2605

OFFICE OF PUBLIC AND INDIAN HOUSING

February 13, 2019

NC139
CHOANOKE AREA DEV ASSN
P O BOX 530
RICH SQUARE, NC 27869-7869

Dear Executive Director:

SUBJECT: Housing Choice Voucher Program
Ongoing Administrative Fee Adjustment for January – September 2018

This letter is to notify your agency that additional Administrative Fees have been obligated for January – September 2018 based on the calculation of administrative fees earned for that period. In the letter and reconciliation worksheet you received from the Department, your agency was advised that funding for administrative fees earned for January – September 2018 are compared to total fees obligated for the same period; and, if fees earned were less than the amount disbursed, then additional administrative fees would be provided for the amount of the shortfall.

There is no action required by your agency; the full amount assigned for the shortage has been obligated and disbursed, and the amount of the disbursement is reflected on your Intent to Disburse notification letter and schedule that includes the disbursement for this funding.

The specific information concerning the administrative fees for your public housing agency (PHA) is identified below.

Admin Fee Funding Increment Number	BA Assigned	Effective Date	Term (Months)
NC139AFR318	\$985	2/1/2019	1

Enclosed is your Notice to Amend the Consolidated Annual Contributions Contract (CACC) with revised funding exhibits reflecting the change(s) described above. The amendment notice and revised funding exhibits should be filed with your most recent CACC. No execution by HUD or your PHA is required.

Public housing agencies receiving an increment in excess of \$100,000 in Budget Authority (BA) are required to submit Form HUD-50071, Certification of Payments to Influence Federal Transactions, and if applicable, Form SF-LLL, Disclosure of Lobbying Activities. If this letter notifies you of a renewal in excess of \$100,000, and your PHA has not submitted the Form(s) HUD-50071 (and SF-LLL where applicable) for your current fiscal year; the documents must be submitted to your local field office and Financial Analyst at the Financial Management Center (FMC) within 30 days of the date of this letter. These forms are located on the Internet at the following addresses:

Form HUD-50071

<https://www.hud.gov/sites/documents/50071.pdf>

Form SF-LLL

<https://www.hudexchange.info/resources/documents/HUD-Form-Sflll.pdf>

Please contact your Financial Analyst at the FMC if you have any questions.

Sincerely

Brenda Buhrmester

Digital signed by Brenda Buhrmester
DN: CN = Brenda Buhrmester C = US.
O = Financial Management Center.
OU = Division Director
Reason: I am approving this document

Division Director

Enclosures

Memo Reference: 19-026

**Consolidated
Annual Contributions Contract**

U. S. Department of Housing and Urban Development
Office of Public and Indian Housing

Housing Choice Voucher Program

Section 8

**HUD NOTICE TO HOUSING AGENCY AMENDING
CONSOLIDATED ANNUAL CONTRIBUTIONS CONTRACT**

**Housing Agency: NC139
CHOANOKE AREA DEV ASSN**

In accordance with Paragraph 2.c. of the Consolidated Annual Contributions Contract between HUD and the HA, you are notified that the funding exhibits of the Consolidated Annual Contributions Contract is hereby revised to add a new funding increment as provided in the attached revised funding exhibit. (This notice adds one or more funding increments listed on the attached funding exhibit.)

The revised funding exhibit is attached to this HUD notice. This revised funding exhibit replaces and revises the prior funding exhibit.

In accordance with Paragraph 2.d. of the Consolidated Annual Contributions Contract, this HUD notice and the attached funding exhibit constitutes an amendment to the Consolidated Annual Contributions Contract.

United States of America Secretary of Housing and Urban Development
Authorized Representative

Date of Document:

Robert H. Boepple, Director
Financial Management Center

2/13/2019

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PIH SECTION 8 - FUNDING EXHIBIT

PROGRAM-BASED

ACC NUMBER: NC139

FIELD OFFICE: 4FPH

NC139
CHOANOKE AREA DEV ASSN
P O BOX 530

RICH SQUARE, NC 27869

HA FISCAL YEAR-END: 06/30

PROGRAM TYPE: Voucher Program

FUNDING INCREMENT NUMBER	FIRST DAY OF TERM	LAST DAY OF TERM	CONTRACT TERM	BUDGET AUTHORITY	UNITS
NC139AF0100	1/1/2017	2/28/2017	2	33,544	N/A
NC139VO0113	1/1/2017	2/28/2017	2	218,466	483
NC139AF0101	3/1/2017	4/30/2017	2	33,038	N/A
NC139AFR416	4/1/2017	4/30/2017	1	142	N/A
NC139VO0114	3/1/2017	4/30/2017	2	218,466	483
NC139AF0102	5/1/2017	6/30/2017	2	34,138	N/A
NC139VO0115	5/1/2017	6/30/2017	2	218,466	483
NC139AF0104	9/1/2017	9/30/2017	1	1,149	N/A
NC139VO0116	7/1/2017	9/30/2017	3	366,362	483
NC139AF0103	7/1/2017	10/31/2017	4	67,752	N/A
NC139VO0117	10/1/2017	10/31/2017	1	113,529	483
NC139VOPR16	10/1/2017	10/31/2017	1	4,387	N/A
NC139AF0105	11/1/2017	12/31/2017	2	31,511	N/A
NC139VO0118	11/1/2017	12/31/2017	2	227,057	483
NC139AF0106	1/1/2018	2/28/2018	2	33,303	N/A
NC139VO0119	1/1/2018	2/28/2018	2	246,108	483
NC139AF0107	3/1/2018	3/31/2018	1	16,511	N/A
NC139VO0120	3/1/2018	3/31/2018	1	120,621	483
NC139AF0108	4/1/2018	4/30/2018	1	16,511	N/A
NC139VO0121	4/1/2018	4/30/2018	1	120,621	483
NC139AF0109	5/1/2018	5/31/2018	1	16,441	N/A
NC139VO0122	5/1/2018	5/31/2018	1	121,852	483
NC139AF0110	6/1/2018	6/30/2018	1	16,441	N/A
NC139AFR417	6/1/2018	6/30/2018	1	1,317	N/A
NC139VO0123	6/1/2018	6/30/2018	1	127,566	483
NC139VOPR17	6/1/2018	6/30/2018	1	1,191	N/A
NC139AF0111	7/1/2018	7/31/2018	1	16,441	N/A
NC139VO0124	7/1/2018	7/31/2018	1	127,566	483
NC139AFR118	8/1/2018	8/31/2018	1	1,532	N/A
NC139AF0112	8/1/2018	9/30/2018	2	32,882	N/A
NC139VO0125	8/1/2018	9/30/2018	2	286,592	483
NC139VO0127	9/1/2018	9/30/2018	1	21,015	N/A
NC139AF0113	10/1/2018	10/31/2018	1	16,441	N/A
NC139VO0126	10/1/2018	10/31/2018	1	127,881	483
NC139AFR218	11/1/2018	11/30/2018	1	8,271	N/A

NC139AF0114	11/1/2018	12/31/2018	2	35,824	N/A
NC139VO0128	11/1/2018	12/31/2018	2	234,744	483
NC139AF0115	1/1/2019	2/28/2019	2	35,824	N/A
NC139AFR318	2/1/2019	2/28/2019	1	985	N/A
NC139VO0129	1/1/2019	2/28/2019	2	274,068	483
NC139VO0130	3/1/2019	3/31/2019	1	137,034	483
NC139AF0116	3/1/2019	4/30/2019	2	35,396	N/A
NC139VO0131	4/1/2019	4/30/2019	1	137,034	483

Rent Determination

CADA determines the rent by verifying the income of the families or applicant for eligibility, recertification and intermin reexaminations. In conjunction with the income verification, the occupancy guidelines requires the agency to utilize the payment standards and the utility allowance in the determining the rent. Also the rent reasonableness of the rent requested. All income must be verified by the following methods.

1. Third Party – EIV computer matching
2. Third Party – Written
3. Review of Documents
4. Certification/Self-Declaration

The Authorization for the Release of Information (HUD form 9886) will be maintained in the file as required by HUD.

In conjunction with verification process, if the family qualifies for deduction such as childcare or medical expenses the agency is required to verify the aforementioned and calculate accordingly.

Homeownership Programs

Families that participate in the Housing Choice Voucher Program are provided information in the initial briefing about the American Dream, homeownership. At this time, the family receives information about the Homeownership Classes offered by a HUD certified housing counselor here at CADA. If the family has meet all requirements and is has a satisfactory credit score for the chosen lending product, he/she may utilize the Housing Choice Voucher funds for mortgage assistance.

Safety and Crime Prevention

CADA is affiliated with Serving Abused Families with Emergencies (SAFE) which is a non-profit organization in our jurisdiction. CADA receives referral forms from SAFE and immediately those family are given preferences. However, we require documentation which could include copies of a police report or verification from an abuse organization.

Pet Policy

Landlord Desecration

Substantial Deviation

N/A

Significant Amendment/Modification

Section B-3

Progress Report

CADA strives to maintain its mission in assisting low income citizens achieve self-sufficiency and a better quality of life. The Housing Choice Voucher Program (HCVP) is vital in the mission statement by providing families with decent, safe and affordable housing. In conjunction with the HCVP families have an opportunity to utilize the Homeownership component of the HCVP. Families have a great chance to eradicate barriers that would otherwise prohibit one from achieving self-sufficiency through various programs offered here at CADA. The programs are Homebuyer Education, Financial Literacy Education, Credit Counseling and Community Service Block Grant for Self-Sufficiency Program to name a few.

Section B-4

Most Recent Fiscal Year Audit

**CHOANOKE AREA
DEVELOPMENT ASSOCIATION, INCORPORATED**

RICH SQUARE, NORTH CAROLINA

COMBINED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Choanoke Area Development Association, Incorporated
Rich Square, North Carolina

Report on the Financial Statements

We have audited the accompanying statement of financial position of Choanoke Area Development Association, Incorporated (a nonprofit organization), which include the statement of financial position as of June 30, 2018 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. We have compiled the financial statements of Woodland-Olney, L.L.C. as discussed in this report under the heading "Report on the Compiled Financial Statements." These financial statements collectively comprise Choanoke Area Development Association, Incorporated's basic combined financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Choanoke Area Development Association, Incorporated as of June 30, 2018, 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.

Report on the Compiled Financial Statements

Management is responsible for the accompanying financial statements of Woodland-Olney L.L.C., which comprise the balance sheet as of June 30, 2018, and the related statements of income, changes in equity, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the combined financial statements of Woodland-Olney L.L.C.

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplemental schedules, financial data schedules and the Schedule of Expenditures of Federal and State 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*, are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined 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 combined 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 combined 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 March 6, 2019, on our consideration of Choanoke Area Development Association, Incorporated'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 Choanoke Area Development Association, Incorporated's internal control over financial reporting and compliance.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

March 6, 2019

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Assets

Cash	\$ 63,262
Cash - restricted	92,074
Cash - restricted Woodland Olney	184,461
Accounts receivable	
Due from granting agencies	120,174
Sales tax	30,599
Other	143,347
Prepaid expenses and miscellaneous assets	42,894
Investment in joint ventures - HUD	181,691
Fixed assets, net of accumulated depreciation	<u>3,653,867</u>

TOTAL ASSETS	\$ <u>4,512,369</u>
---------------------	----------------------------

LIABILITIES AND NET ASSETS

Liabilities

Line of credit payable	\$ 310,000
Current portion of long-term debt	574,736
Due to granting agencies	182
Accounts payable	718,031
Payroll liabilities	165,608
Other accrued expenses	6,536
Long-term debt, less current portion	1,032,988
Accrued vacation	<u>65,515</u>
Total liabilities	<u>2,873,596</u>

Net assets

Unrestricted net assets:

Undesignated	(603,176)
Invested in fixed assets	<u>2,046,143</u>
	1,442,967
Temporarily restricted net assets	<u>195,806</u>
Total net assets	<u>1,638,773</u>

TOTAL LIABILITIES AND NET ASSETS	\$ <u>4,512,369</u>
---	----------------------------

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

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Governmental grants	\$ -	\$ 10,091,684	\$ 10,091,684
Other grants and miscellaneous	68,900	1,311,655	1,380,555
Woodland Olney	76,126	-	76,126
Net assets released from restrictions satisfied by payments	<u>11,211,939</u>	<u>(11,211,939)</u>	<u>-</u>
Total revenues and other support	<u>11,356,965</u>	<u>191,400</u>	<u>11,548,365</u>
Expenses:			
Program services			
Workforce Investment	523,561	-	523,561
Community Services Block Grant	430,990	-	430,990
Weatherization	850,319	-	850,319
Section VIII Housing	1,791,299	-	1,791,299
Other Housing Programs	215,421	-	215,421
Head Start	6,428,350	-	6,428,350
Other programs, including general	1,374,955	-	1,374,955
Woodland Olney	78,800	-	78,800
Total expenses	<u>11,693,695</u>	<u>-</u>	<u>11,693,695</u>
 INCREASE (DECREASE) IN NET ASSETS	 (336,730)	 191,400	 (145,330)
 NET ASSETS - BEGINNING OF YEAR	 <u>1,779,697</u>	 <u>4,406</u>	 <u>1,784,103</u>
 NET ASSETS - END OF YEAR	 <u><u>\$ 1,442,967</u></u>	 <u><u>\$ 195,806</u></u>	 <u><u>\$ 1,638,773</u></u>

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

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services								
	Workforce Investment	Community Services Block Grant	Weatherization	Section VIII Housing	Other Housing Programs	Head Start	Other Programs	Woodland Olney	Totals
Direct Costs									
Salaries and wages	\$ 346,888	\$ 240,491	\$ 257,246	\$ 127,159	\$ 97,932	\$ 2,657,673	\$ 349,050	\$ 6,419	\$ 4,082,858
Fringe benefits	64,388	77,622	60,032	32,732	20,643	961,498	57,428	2,381	1,276,724
Insurance	6,461	3,334	22,787	4,379	1,019	57,487	5,762	3,532	104,761
Copier cost	1,754	3,727	2,318	1,219	1,208	28,052	(37,126)	-	1,152
Office supplies	6,333	3,426	3,818	10,529	2,683	24,075	10,387	553	61,804
Other supplies	-	-	47	-	-	69,147	-	71	69,265
Audit cost and legal service	2,627	985	2,298	4,596	657	20,399	1,971	3,540	37,073
Contractual services	-	-	-	-	-	167,225	336,065	-	503,290
Travel	17,001	11,521	8,303	4,141	1,470	50,313	18,231	757	111,737
Maintenance	253	5,347	4,524	98	425	78,868	101,200	24,038	214,753
Rent and utilities	4,345	20,242	13,164	8,171	5,204	156,659	13,591	14,206	235,582
Telephone	4,834	7,843	7,477	3,711	2,200	32,042	2,154	2,264	62,525
Postage and advertising	170	1,712	3,666	2,284	100	1,575	3,048	74	12,629
Equipment, tools and supplies	(627)	(671)	23,915	(883)	(777)	256,474	1,085	-	278,516
Health and safety materials	-	-	43,801	-	-	-	-	-	43,801
Materials and installation	-	-	333,594	-	-	-	13,766	-	347,360
Training	12,164	3,796	5,171	1,441	1,661	50,939	5,156	594	80,922
Other expenditures	2,814	187	10,854	7,317	57,979	139,646	67,192	20,371	306,360
Grantee's share	-	-	-	-	-	750,780	-	-	750,780
Child care services	1,020	-	-	-	-	75	-	-	1,095
Food, shelter, and emergency assistance	-	-	-	1,561,989	-	-	322,642	-	1,884,631
Depreciation	5,759	5,879	5,759	1,880	7,201	75,759	42,781	-	145,018
Interest and fees	-	-	-	-	-	69,807	13,231	-	83,038
Participant travel	2,478	-	-	-	-	316,493	-	-	318,971
Participant services and supplies	9,511	6,710	-	-	-	34,149	1,197	-	51,567
Total direct costs	488,173	392,151	808,774	1,770,763	199,605	5,999,135	1,328,811	78,800	11,066,212
Indirect costs	35,388	38,839	41,545	20,536	15,816	429,215	46,144	-	627,483
Total expenditures	\$ 523,561	\$ 430,990	\$ 850,319	\$ 1,791,299	\$ 215,421	\$ 6,428,350	\$ 1,374,955	\$ 78,800	\$ 11,693,695

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

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018

Cash flows from operating activities	
Change in net assets	\$ (145,330)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	145,018
Decrease in due from granting agencies	21,995
Decrease in sales tax receivable	(11,489)
(Increase) in prepaid expenses and other miscellaneous assets	32,257
(Decrease) in accounts payable	250,706
Increase in payroll liabilities	55,946
Increase in other accrued expenses	(4,034)
Increase in due to grantor	(5,436)
(Decrease) in accrued vacation	865
Net cash provided by operating activities	<u>340,498</u>
Cash flows from investing activities	
Purchase of property and equipment	(213,103)
Net cash used by investing activities	<u>(213,103)</u>
Cash flows from financing activities	
Proceeds from short-term debt	-
Repayment of long-term debt	(95,528)
Net cash used by financing activities	<u>(95,528)</u>
NET DECREASE IN CASH	31,867
Cash - beginning of year	<u>307,930</u>
CASH - END OF YEAR	<u>\$ 339,797</u>
SUMMARY OF CASH ACCOUNTS	
Cash	\$ 63,262
Cash - restricted	276,535
TOTAL CASH	<u>\$ 339,797</u>
Supplemental data:	
Noncash operating expenses:	
In-kind: space, volunteers and other	\$ 750,780
Interest paid during year	<u>\$ 83,038</u>

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

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies

Organization and Nature of Activities

Choanoke Area Development Association, Incorporated (the Association), located in eastern North Carolina, is organized as a non-profit corporation under the laws of the State of North Carolina. The purpose and function of the Association is to administer programs that provide services to low-income families and individuals in the Bertie, Halifax, Hertford, Martin and Northampton County areas that shall enhance their ability to become more self-sufficient. The Association's twenty-seven member board is composed of nine public officials (appointed by the County Governments), ten representatives of the poor (elected from various communities within the four county area) and eight representatives of various agencies and organizations (appointed by the respective agencies and organizations). The Association administers Federal and State grants and local contributions related to child development, low-income housing, energy assistance, and job development. The Association's primary support comes from Federal and State grants.

Woodland-Olney L.L.C., a wholly-owned organization formed for the purpose of developing, constructing, owning and operating a 30-unit low-income housing complex located in the town of Woodland, North Carolina, is included in the financial statements of the Association as a subsidiary. The reporting period is June 30, 2018.

Basis of Accounting

The supplemental schedules of program revenues and expenditures are maintained on the modified accrual basis method of accounting in accordance with the Association's budgetary basis. Reconciliation of expenditures on these schedules is made to the Combined Statement of Functional Expenses, which is on a full accrual basis method of accounting in accordance with generally accepted accounting principles.

Principles of Combination

The combined financial statements include the accounts of Choanoke Area Development Association, Incorporated and Woodland-Olney L.L.C., and all material intra-company balances have been eliminated.

Use of Estimates

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Recognition of donor restrictions

In order to report limitations and restrictions placed by donors on the use of resources available to Choanoke Area Development Association, Incorporated, its accounts are separated into three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, as applicable.

Unrestricted net assets represent resources whose use is not limited or restricted by donors. They generally arise as a result of earning revenue under grant agreements and other exchange transactions, and receiving unrestricted contributions, or temporarily restricted contributions whose restrictions have been accomplished.

Temporarily restricted net assets represent resources whose use is limited by donors as to the purpose and/or the time in which they may be expended. Temporarily restricted net assets are reclassified to unrestricted as their time and/or purpose restrictions are met.

In accordance with ASC 958, permanently restricted net assets represent resources whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2018

otherwise removed by actions of Choanoke Area Development Association, Incorporated. The income may be unrestricted or may be restricted according to grantor's or donor's wishes. At June 30, 2018, there were no permanently restricted net assets.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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, temporarily restricted net assets are reclassified to unrestricted net assets.

Income taxes

The Association is a non-profit organization and is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. Income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. The Association recognizes an uncertain tax position of "more than likely not" level of fifty percent that the position will be sustained by the Internal Revenue Service (IRS). Income taxes did not have a material impact on the financial position or results of operations of the Association as of and for the year ended June 30, 2018. Income tax returns from 2016 through 2018 are open for examination by taxing authorities.

Woodland Olney L.L.C. is a disregarded entity for tax purposes and, therefore, is not required to file a tax return.

Cash

For purposes of the statement of cash flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Cash in the amount of \$276,535 is restricted as HUD Funds, Woodland Olney funds, and for payment of principal and interest on the Association's USDA note payable.

Accounts Receivable

The Association considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Grants and contracts receivable

Grants and contracts receivable are carried at original amount and are not discounted for any doubtful receivables. It has been management's experience to collect all of its outstanding receivables and therefore an allowance for doubtful accounts is not considered necessary.

Investments in joint ventures – HUD

\$181,691 has been recorded as the Association's investment in affordable housing projects. These funds were obtained from the Section VIII project fund balances and used with the permission of the U.S. Department of Housing and Urban Development to develop affordable housing projects. To date, the Association has not received any return on these investments.

Property and Equipment

The Association capitalizes all property and equipment acquisitions according to the specific program policy: Head Start - equipment costing more than \$5,000 and having a useful life of more than one year and other programs - equipment costing more than \$500 and having a useful life of more than one year. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2018

instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

Vacation Payable

The Association provides its employees with vacation and sick leave. Employees can accumulate up to eighty hours of vacation leave. A liability for accrued vacation has been recorded in the accompanying combined financial statements. Employees can accumulate up to two hundred and forty hours of sick leave.

Revenue recognition for grants

Grant revenue is generally considered an exchange transaction as opposed to a contribution, and, as such, is recognized to the extent expenses have been incurred for the purpose specified by the grantor during the period. The Association receives substantially all of its grant revenues from Federal and State agencies. The amounts received under grants are recognized as revenue in the accounting period when the expenditures are incurred and the grant funds are earned. Amounts received from grantors in excess of the amount earned are shown in the Combined Statement of Financial Position as deferred revenue. Amounts earned, but not received are shown as Federal and State grants receivable.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2 – Fixed Assets

Fixed assets at June 30, 2018, consisted of the following:

By Asset Type:

Land	\$ 365,623
Buildings	2,880,507
Vehicles	1,320,724
Furniture and equipment	271,348
	<u>4,838,202</u>
Less: accumulated depreciation	(2,189,429)
Net property and equipment	<u>\$ 2,648,773</u>

By program:

Workforce Investment Act	\$ 70,148
Community Services Block Grant	32,939
Weatherization Program	37,660
Section VIII Housing	37,502
Other Housing Programs	29,160
Head Start	1,470,470
Other Programs	3,160,323
	<u>4,838,202</u>
Total fixed assets by program	4,838,202
Less: accumulated depreciation	(2,189,429)
Net fixed assets	<u>\$ 2,648,773</u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2018

The Association owns 100% of Woodland Olney, LLC (Woodland Olney). Fixed assets for Woodland Olney at June 30, 2018 consisted of the following:

Land/site improvements	\$ 125,987
Buildings	1,917,589
Buildings equipment-fixed	37,537
Office furniture/equipment	19,750
	<u>2,100,863</u>
Less accumulated depreciation	(1,095,769)
Net property plant and equipment	<u>\$ 1,005,094</u>

The fixed assets are presented as part of the Unrestricted Net Assets, but Federal and State granting agencies have an interest in certain fixed assets owned by the Association. If certain assets are sold, the proceeds would be returned to the grantor or used to further the programs funded by the grantor.

Depreciation for the year ended June 30, 2018 was \$145,018 and is recorded in the Combined Statement of Functional Expenses as part of the program services and support services.

Note 3 – In-Kind Contributions

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Association's programs, principally in the Head Start Program. The value of this contributed time is reflected in these statements at the volunteer's regular pay rate if employed by other organizations or at rates paid for similar work. Donated supplies and space are valued at the market value and fair rental value at time of donation, respectively. In-kind contributions of \$750,780 are recorded for the current year.

Note 4 – Retirement Plan

The Association offers a tax-sheltered annuity available to all regular employees working at least twenty hours per week after ninety days of employment. The Association contributes to the plan an amount equal to 2% of each eligible employee's salary and 1% of their salary for a maximum employer contribution of 3%. The Plan allows employees to contribute up to the IRS limit. Employer contributions for the year ended June 30, 2018 totaled \$101,261.

Note 5 – Contingent Liability

The Association receives funds from various Federal and State granting agencies. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the granting agencies. Management believes that any such refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Note 6 – Cost Allocation

The Association has a cost allocation (indirect cost) plan which has been approved by its oversight agency, U.S. Department of Housing and Urban Development. Administrative salaries and fringes (Executive Director, Administrative Assistant, Controller, Fiscal Officer, Receptionist, Human Resource Assistant, Deputy Director, and Payroll Clerk) are added to the other non-salary administrative costs.

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2018

(Figures are taken from the prior year audited financial statements.) The sum of these figures represents the total administrative cost pool. These are divided by the total direct salaries to derive the indirect cost rate. The computed indirect cost rate for the year ended June 30, 2018 was 16.52%.

Note 7 – Concentration of Credit Risk

The Association maintains cash balances at several banks located in North Carolina. Accounts at the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2018, no deposits exceeding the FDIC coverage were held by the Association.

Note 8 – Subsequent Events– Date of Management's Review

The Association has evaluated subsequent events from the date of the Combined Statement of Financial Position through the date the report is available to be issued, which is the date of the independent auditors' report. The Association has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

Note 9 – Short-Term Debt

The Association has obtained a secured line of credit from a local bank to assist in day-to-day operations. The loan has a credit limit of \$310,000 and incurs interest at a variable rate, 5.00% at June 30, 2018. The balance on the line of credit at June 30, 2018 was \$310,000.

Note 10 – Long-Term Debt

Long-term debt for the Association at June 30, 2018 is comprised of the following:

Note payable to USDA bearing interest at 4.75%, dated October 20, 2000; matures October 20, 2030. Payments of \$2,005 (principal and interest) due monthly. Secured by buildings.	\$ 219,401
Note payable to Branch Banking & Trust bearing interest at prime plus 4.75%, dated February 17, 2004. Remaining principal and accrued interest is due on March 25, 2019. Payments of \$652 (principal and interest) due monthly. Secured by a mobile classroom unit.	10,429
Note payable to Southern Bank and Trust Company, bearing 4.00% interest, dated May 12, 2009; matures August 15, 2030. Monthly payments of \$7,538 beginning May 12, 2009. Secured by buildings.	886,970
Total	1,116,800
Less current portion	(83,812)
Noncurrent portion	<u>\$ 1,032,988</u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2018

Future maturities of notes payable at June 30, 2018 are as follows:

2019	\$ 83,812
2020	75,440
2021	78,626
2022	81,948
Thereafter	796,974
	<u>\$ 1,116,800</u>

The total amount of interest charged to expense for the year ended June 30, 2018 was \$83,038. The Association complied with loan covenants regarding maintenance and use of property.

Long-term debt for Woodland Olney at June 30, 2018 is comprised of the following:

First mortgage payable to PNC Bank in the original amount of \$323,743, bearing interest at the rate of 4.5% per annum. Principal and interest shall be payable in 239 equal consecutive monthly payments of \$2,048 each, commencing on May 2, 1999 and ending with one final payment of the entire balance due on April 2, 2019. \$ 20,134

Second mortgage payable to the North Carolina Housing Finance Agency ("NCHFA") in the original amount of \$478,424, bearing interest at the rate of 0% per annum. Repayment of the note is as follows: years one through three - \$189 per month; years four through six - \$225 per month; years seven through nine - \$229 per month; years 10 through 12 - \$204 per month; year 13 - \$178 per month; years 14 and 15 - \$138 per month; year 16 - \$100 per month; year 17 - \$67 per month, and a final payment of all outstanding principal and accrued interest, if any, due April 1, 2019. 435,590

Third mortgage payable to NCHFA in the original amount of \$35,200, bearing interest at the rate of 0% per annum. No principal payments are due until maturity on April 1, 2019 provided the project maintains compliance with its regulatory agreement with NCHFA.

Total	<u>35,200</u>
(Current portion of long-term debt)	<u>490,924</u>
Long-term debt, less current portion	<u>(490,924)</u>
	<u>\$ -</u>

Future maturities of notes payable at June 30, 2018 are as follows:

2019	\$ 490,924
	<u>\$ 490,924</u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2018

Note 11 – Temporarily Restricted Net Assets

At June 30, 2018, the \$195,806 in temporarily restricted net assets are available for the Section VIII Housing Program.

Note 12 – Economic Dependence/Contingency

The Association received 62% of its Federal funding through the U.S. Department of Health and Human Services, 21% through the U.S. Department of Housing and Urban Development, 5% through the U.S. Department of Labor, 8% through the U.S. Department of Energy, and 4% through the U.S. Department of Agriculture. In total, the Association receives approximately 85 percent of its revenue from Federal sources for the various programs it administers. Balances due from Federal sources comprise 41% of the accounts receivable balance as of June 30, 2018. Any significant change, either increase or decrease, in funding for these programs could result in a material change in the Association's operations. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies resulting from subsequent examinations by funding agencies.

Note 13 – Commitments

The Association has entered into various agreements to provide services for stated fees related to early childhood development with the Roanoke Rapids Graded School District, Hertford County Schools, Bertie County Board of Education, Roanoke Rapids City Schools, Halifax County Schools, Northampton County Schools, Weldon City Schools, Northampton County Health Department, Halifax County Health Department and Bertie County Health Department.

The Association owns 0.01% of Enfield School Apartments, LLC. Per the operating agreement, the Association's capital contribution was \$100. The Association serves as guarantor of the \$1,065,000 NC Housing Finance Authority loan made to Enfield School Apartments, LLC.

Note 14 – Operating Leases

During 2015 the Association entered into an operating Lease for copiers. The lease obligates the Association to pay \$16,556 per year in 2018 and 2019, and \$8,278 in 2020. The Association paid \$16,556 under this lease in 2018.

During 2015 the Association entered into an operating Lease for rent. The operating Lease obligates the Association to pay \$1,770 in 2018. The Association paid \$7,080 under this contract in 2018.

Note 15 – Risk Management

The Association is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; and natural disasters. During the year ended June 30, 2018, the Association carried insurance through various commercial carriers to cover all risks of losses. The Association has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
COMBINED STATEMENT OF REVENUES AND SUPPORT
YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Community Services Block Grant	\$ -	\$ 395,159	\$ 395,159
Weatherization	-	794,645	794,645
Section VIII Housing	-	1,747,677	1,747,677
Section VIII Recovery Fund and Portable Admininstrative Costs	-	1,796	1,796
Other Housing Programs	-	67,245	67,245
Head Start	-	5,525,764	5,525,764
Workforce Investment Act	-	518,557	518,557
Other programs, including general	-	1,040,841	1,040,841
Woodland Olney - Rental Income	70,579	-	70,579
Woodland Olney - Other Income	5,547	-	5,547
Total governmental grants	<u>76,126</u>	<u>10,091,684</u>	<u>10,167,810</u>
Local Support:			
In-kind contributions	-	750,780	750,780
County	68,900	-	68,900
Transfer in local revenue	-	253,180	253,180
Other income	-	307,695	307,695
Total local support	<u>68,900</u>	<u>1,311,655</u>	<u>1,380,555</u>
Total	<u>\$ 145,026</u>	<u>\$ 11,403,339</u>	<u>\$ 11,548,365</u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
INDIRECT COST ALLOCATION RATE ANALYSIS
YEAR ENDED JUNE 30, 2018

	Budget	Year to Date	Variance Favorable (Unfavorable)
Salaries and wages	\$ 407,000	\$ 406,787	\$ 213
Fringe benefits	40,000	38,036	1,964
Hospitalization	47,000	46,413	587
W/C (direct charge fringe)	750	722	28
Copier cost	3,500	3,648	(148)
Office supplies	9,000	8,629	371
Computer maintenance	18,000	17,776	224
Staff travel	3,000	2,367	633
Rent	25,000	21,168	3,832
Telephone costs	12,000	11,009	991
Postage	3,200	3,167	33
Audit cost	500	500	-
Insurances	7,000	6,755	245
Subscription/publications	200	199	1
Training	1,500	1,500	-
Retirement benefits	12,000	11,846	154
Other expenses	10,000	10,267	(267)
Non-Expendable Equipment	200	159	41
Contractual services	24,650	26,272	(1,622)
Out of town travel	6,000	5,947	53
Agency memberships	4,500	4,316	184
	<u>\$ 635,000</u>	<u>\$ 627,483</u>	<u>\$ 7,517</u>

Computation of indirect cost rate:

Indirect cost pool	<u>\$ 627,483</u>
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Base salaries (less indirect & class 4 salaries)	<u>\$ 3,797,456</u>
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Indirect cost rate	<u>16.52%</u>
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CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
WORKFORCE INNOVATION AND OPPORTUNITY ACT PROGRAMS
STATEMENT OF REVENUES AND EXPENDITURES (NON-GAAP)
YEAR ENDED JUNE 30, 2018

	Bertie Year-Round	Halifax Year Round	Northampton Youth Year-Round	Hertford	Martin Year-Round	Total
Revenues						
Federal and State grants	\$ 108,631	\$ 80,185	\$ 114,126	\$ 104,486	\$ 111,129	\$ 518,557
Transfer in local revenue	(64)	70	26	-	96	128
Total support and revenues	<u>108,567</u>	<u>80,255</u>	<u>114,152</u>	<u>104,486</u>	<u>111,225</u>	<u>518,685</u>
Expenses						
Salaries and wages	74,046	53,284	75,994	74,236	69,328	346,888
Fringe benefits	13,929	8,772	13,591	14,822	13,274	64,388
Insurance	1,203	1,361	1,641	1,093	1,163	6,461
Copier cost	242	726	408	282	96	1,754
Office supplies	1,603	1,494	1,733	605	898	6,333
Audit costs	657	328	328	657	657	2,627
Maintenance	81	172	-	-	-	253
Travel	4,256	3,450	4,210	2,697	2,388	17,001
Rent and utilities	-	997	3,348	-	-	4,345
Telephone costs	1,135	967	1,729	522	481	4,834
Postage and advertising	59	10	16	77	8	170
Training	1,720	974	684	490	8,296	12,164
Other expenses	432	283	196	209	1,694	2,814
Non-expendable equipment	64	64	-	64	64	256
Participant travel	1,731	-	-	-	747	2,478
Child care services	-	-	-	720	300	1,020
Participant services and supplies	1,086	313	1,742	609	5,761	9,511
Total direct costs	<u>102,244</u>	<u>73,195</u>	<u>105,620</u>	<u>97,083</u>	<u>105,155</u>	<u>483,297</u>
Indirect costs	6,323	7,060	8,532	7,403	6,070	35,388
Total expenses	<u>108,567</u>	<u>80,255</u>	<u>114,152</u>	<u>104,486</u>	<u>111,225</u>	<u>518,685</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Reconciliation from budgetary basis (modified accrual) to full accrual:

Total expenditures - Regular	\$ 518,685
Reconciling items	
Fixed asset purchases	(883)
Depreciation	5,759
	<u>\$ 523,561</u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
COMMUNITY SERVICES BLOCK GRANT
STATEMENT OF REVENUES AND EXPENDITURES (NON-GAAP)
YEAR ENDED JUNE 30, 2018

	<u>Actual</u>
Revenues:	
Federal and State grants	\$ 395,159
Transfer from Local Fund	29,435
Other Income	1,400
Total revenues	<u>425,994</u>
Expenditures:	
Direct costs:	
Salaries and wages	240,491
Employee benefits	77,622
Insurance	3,334
Copier costs	3,727
Office supplies	3,426
Audit cost	985
Staff travel	11,521
Maintenance	5,347
Rent and utilities	20,242
Telephone	7,843
Postage and advertising	1,712
Training	3,796
Non-expendable equipment	212
Other expenditures	187
Participant services and supplies	6,710
Total direct costs	<u>387,155</u>
Indirect costs	38,839
Total expenditures	<u>425,994</u>
Revenues over (under) expenditures	<u><u>\$ -</u></u>
Reconciliation from budgetary basis (modified accrual) to full accrual	
Total Expenses - Regular	\$ 425,994
Fixed asset purchases	(883)
Depreciation	5,879
Functional expenses	<u><u>\$ 430,990</u></u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
WEATHERIZATION
STATEMENT OF REVENUES AND EXPENDITURES (NON-GAAP)
YEAR ENDED JUNE 30, 2018

	<u>Actual</u>
Revenues:	
Federal and State grants	\$ 794,645
Transfer from Local Fund	50,798
Total revenues	<u>845,443</u>
Expenditures:	
Direct costs:	
Salaries and wages	257,246
Employee benefits	60,032
Insurance	22,787
Copier costs	2,318
Office supplies	3,818
Other supplies	47
Audit costs	2,298
Training	5,171
Staff travel	8,303
Maintenance	4,524
Rent and utilities	13,164
Telephone	7,477
Postage and advertising	3,666
Equipment, tools and supplies	24,798
Health and safety materials	43,801
Materials	183,510
Installation	150,084
Other expenditures	10,854
Leased copier	-
Total direct costs	<u>803,898</u>
Indirect costs	<u>41,545</u>
Total expenditures	<u>845,443</u>
Revenues over (under) expenditures	<u>\$ -</u>
Reconciliation from budgetary basis (modified accrual) to full accrual	
Total Expenses - Regular	\$ 845,443
Principal payments	-
Fixed asset additions	(883)
Depreciation	5,759
Functional expenses	<u>\$ 850,319</u>

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CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
SECTION VIII HOUSING
STATEMENT OF REVENUES AND EXPENDITURES (NON-GAAP)
YEAR ENDED JUNE 30, 2018

	<u>Actual</u>
Revenues:	
Federal and State grants	\$ 1,747,677
Recovery fund	1,796
Total revenues	<u>1,749,473</u>
Expenditures:	
Direct costs:	
Salaries and wages	127,159
Employee benefits	32,732
Insurance	4,379
Copier costs	1,219
Office supplies	10,529
Audit costs	4,596
Staff travel	4,141
Maintenance	98
Rent and utilities	8,171
Telephone	3,711
Postage and advertising	2,284
Training	1,441
Other expenditures	7,317
Utility assistance	1,561,989
Total direct costs	<u>1,769,766</u>
Indirect costs	20,536
Total expenditures	<u>1,790,302</u>
Revenues over (under) expenditures	<u>\$ (40,829)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual	
Total expenditures	\$ 1,790,302
Fixed asset additions	(883)
Depreciation	1,880
Functional expenses	<u>\$ 1,791,299</u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
OTHER HOUSING PROGRAMS
STATEMENT OF REVENUES AND EXPENDITURES (NON-GAAP)
YEAR ENDED JUNE 30, 2018

	National Foreclosure Mitigation	Credit Counseling	New Homes Loan Pool	Neighborworks Project Reinvestment	NC Foreclosure Prevention Program	NC Dominion	SHFPP State Foreclosure Prevention Program	Housing Capacity	Total
Revenues:									
Federal and State grants	\$ 3,222	\$ 20,144	\$ 4,400	\$ 19,545	\$ 10,400	\$ -	\$ 7,375	\$ 2,159	\$ 67,245
Transfer local revenue	-	30	-	-	-	(3,560)	-	83,352	79,822
Other revenues	-	-	-	-	1,300	60,769	-	-	62,069
Total revenues	3,222	20,174	4,400	19,545	11,700	57,209	7,375	85,511	209,136
Expenditures:									
Direct costs:									
Salaries and wages	-	80,031	1,579	5,319	7,609	1,814	1,580	-	97,932
Fringe benefits	1,393	16,668	148	1,406	711	169	148	-	20,643
Insurance	368	146	3	426	71	-	3	2	1,019
Copier costs	297	-	-	422	170	-	-	319	1,208
Office supplies	1,225	20	-	47	1,391	-	-	-	2,683
Audit costs	-	325	-	332	-	-	-	-	657
Non-expendable equipment	-	106	-	-	-	-	-	-	106
Travel	-	536	33	-	348	-	-	553	1,470
Maintenance	159	-	-	-	266	-	-	-	425
Rent and utilities	492	-	-	396	1,817	-	2,499	-	5,204
Telephone	826	-	-	1,197	177	-	-	-	2,200
Postage and advertising	-	13	-	2	69	-	-	16	100
Training	274	125	-	-	872	-	-	390	1,661
Other expenditures	-	-	-	-	2,170	54,933	492	384	57,979
Total direct costs	5,034	97,970	1,763	9,547	15,671	56,916	4,722	1,664	193,287
Indirect costs	-	12,925	255	859	1,229	293	255	-	15,816
Total expenditures	5,034	110,895	2,018	10,406	16,900	57,209	4,977	1,664	209,103
Revenues over (under) expenditures	\$ (1,812)	\$ (90,721)	\$ 2,382	\$ 9,139	\$ (5,200)	\$ -	\$ 2,398	\$ 83,847	\$ 33
Total expenditures									\$ 209,103
Reconciling items:									
Fixed asset additions									(883)
Depreciation									7,201
Functional expenses									<u>\$ 215,421</u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
HEAD START PROGRAMS
STATEMENT OF REVENUES AND EXPENDITURES (NON-GAAP)
YEAR ENDED JUNE 30, 2018

Grant - 04CH4675/03

	Actual
Revenues:	
Head Start awards	\$ 5,236,212
Grantee's contribution	306,552
Other	7,485
Total revenues	<u>5,550,249</u>
Expenditures:	
Head Start Full Year/Part-Day:	
Direct costs:	
Salaries	1,987,187
Fringe benefits	746,799
Insurance	50,708
Copier costs	23,706
Office supplies	19,165
Other supplies	66,811
Non-expendable equipment	256,474
Audit cost	16,416
Legal service	700
Contractual services	146,851
Maintenance	60,194
Travel	32,099
Rent and utilities	122,404
Telephone	18,959
Postage/Advertising	1,245
Training	41,086
Other	136,854
Principal and interest	25,337
Participant travel	316,229
Child care services	75
Participant services, supplies, food	21,611
Subtotal	<u>4,090,910</u>
Indirect costs	320,931
Grantee's share	219,976
Total	<u>4,631,817</u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
HEAD START PROGRAMS
STATEMENT OF REVENUES AND EXPENDITURES (NON-GAAP)
YEAR ENDED JUNE 30, 2018

Grant - 04CH4675/03

	<u>Actual</u>
Early Head Start:	
Direct costs:	
Salaries	493,064
Fringe benefits	81,204
Insurance	5,933
Copier costs	3,950
Office supplies	3,665
Other supplies	2,336
Audit cost	3,283
Contractual services	11,826
Maintenance	13,662
Travel	8,034
Rent and utilities	15,179
Telephone	6,787
Training	8,141
Other	2,512
Principal and interest	59,145
Participant travel	264
Participant services, supplies, food	12,109
Subtotal	<u>731,094</u>
Indirect costs	79,630
Grantee's share	86,576
Total	<u>897,300</u>
Total expenditures	<u>5,529,117</u>
Revenues over (under) expenditures	<u>\$ 21,132</u>
Reconciliation from budgetary basis (modified accrual) to full accrual	
Expenditures - Head Start/Early Head Start - Grant-04CH4675/03	\$ 5,529,117
Expenditures - Head Start/Early Head Start - Grant-04CH4675/04	855,050
Reconciling items:	
Principal reduction	(31,576)
Fixed asset additions	-
Depreciation	<u>75,759</u>
Total functional expenses	<u>\$ 6,428,350</u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
HEAD START PROGRAMS
STATEMENT OF REVENUES AND EXPENDITURES (NON-GAAP)
YEAR ENDED JUNE 30, 2018

Grant - 04CH4675/04

	Actual
Revenues:	
Head Start awards	\$ 289,552
Grantee's contribution	444,228
Other	60
Transfer to other program	(17,198)
Total revenues	<u>716,642</u>
Expenditures:	
Head Start Full Year/Part-Day:	
Direct costs:	
Salaries	127,574
Fringe benefits	121,758
Insurance	580
Copier costs	279
Office supplies	1,214
Contractual services	1,958
Maintenance	3,923
Travel	7,970
Rent and utilities	15,689
Telephone	5,080
Postage/Advertising	330
Training	212
Other	280
Principal and interest	6,239
Participant services, supplies, food	149
Subtotal	<u>293,235</u>
Indirect costs	<u>20,603</u>
Total	<u>313,838</u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
HEAD START PROGRAMS
STATEMENT OF REVENUES AND EXPENDITURES (NON-GAAP)
YEAR ENDED JUNE 30, 2018

Grant - 04CH4675/04

	<u>Actual</u>
Early Head Start:	
Direct costs:	
Salaries	49,848
Fringe benefits	11,737
Insurance	266
Copier costs	117
Office supplies	31
Contractual services	6,590
Maintenance	1,089
Travel	2,210
Rent and utilities	3,387
Telephone	1,216
Training	1,500
Principal and interest	10,662
Participant services, supplies, food	280
Subtotal	<u>88,933</u>
Indirect costs	8,051
Grantee's share	<u>444,228</u>
Total	<u>541,212</u>
 Total expenditures	 <u><u>855,050</u></u>
 Revenues over (under) expenditures	 <u><u>\$ (138,408)</u></u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
OTHER PROGRAMS
STATEMENT OF REVENUES AND EXPENDITURES (NON-GAAP)
YEAR ENDED JUNE 30, 2018

	Community Connection Center	Head Start Facility	Duke Helping Homes Fund	CADA Office Complex	Parents as Teachers	Emergency Food and Shelter	Bertie County JCPC	Hertford County JCPC	Northampton County JCPC	Single Family Rehabilitation	USDA Food Service	Disaster Matthew	Local Activities	Urgent Repair	Total Other Programs
Revenues:															
Federal and State grants	\$ -	\$ -	\$ -	\$ -	\$ 72,000	\$ 2,953	\$ 25,000	\$ 32,000	\$ 30,000	\$ 202,182	\$ 340,438	\$ 209,624	\$ -	\$ 126,644	\$ 1,040,841
Transfer local revenue	-	(114,032)	(3,956)	-	6,659	2,120	4,034	347	3,031	2,633	-	176	262,032	(2,389)	160,555
Transfer from (to) other program	26,000	(134,264)	-	(47,357)	-	-	-	-	-	-	-	-	105,161	-	(50,460)
Other revenue	-	59,397	22,843	80,820	-	-	5,000	3,200	3,000	-	-	-	95,721	-	309,981
Total support and revenues	<u>26,000</u>	<u>(148,899)</u>	<u>18,887</u>	<u>33,463</u>	<u>78,659</u>	<u>5,073</u>	<u>34,034</u>	<u>35,547</u>	<u>36,031</u>	<u>204,815</u>	<u>340,438</u>	<u>209,800</u>	<u>462,914</u>	<u>124,255</u>	<u>1,461,017</u>
Expenses:															
Salaries and wages	4,516	-	2,421	4,252	44,433	-	18,693	21,026	23,225	5,895	-	180,744	-	43,845	349,050
Fringe benefits	422	-	198	398	11,997	-	7,366	5,657	2,520	551	-	17,180	-	11,139	57,428
Insurance	8	-	10	-	79	-	238	235	245	536	-	2,683	-	1,728	5,762
Copier cost	-	-	-	-	671	1,279	-	5	21	964	-	-	(40,102)	36	(37,126)
Office supplies	5,949	-	-	-	424	-	751	741	903	-	-	1,301	189	129	10,387
Audit costs	-	-	-	-	-	-	73	4	252	-	-	-	-	1,642	1,971
Non-expendable equipment	-	-	820	-	-	-	-	-	-	-	-	-	-	265	1,085
Travel	58	-	-	-	2,929	-	2,287	1,287	4,297	-	-	2,097	1,366	3,930	18,231
Rent and utilities	-	-	-	19,264	7,089	-	-	-	-	-	-	-	(12,762)	-	13,591
Telephone costs	-	-	-	-	835	-	200	443	-	-	-	-	671	5	2,154
Postage/Advertising	-	-	18	-	136	80	126	56	33	-	-	-	2,516	-	3,048
Contractual service	-	-	-	-	-	-	-	-	-	217,470	-	-	-	118,595	336,065
Maintenance	6,553	1,866	-	17,243	225	-	16	-	-	-	-	-	75,297	-	101,200
Training	-	719	-	-	2,666	-	583	498	403	170	-	117	-	-	5,156
Materials and installation	-	-	13,177	-	-	-	-	-	-	232	-	-	357	-	13,766
Other expenses	462	-	1,852	-	-	-	351	2,174	338	3,015	270	(5)	71,720	1,209	81,386
Principal and interest on notes	-	-	-	24,060	-	-	-	-	-	-	-	-	13,231	-	37,291
Food, shelter and emergency assistance	-	-	-	-	-	24,815	-	-	-	-	297,827	-	-	-	322,642
Participant services and supplies	-	-	-	-	-	-	331	45	44	-	-	913	(136)	-	1,197
Total direct costs	17,968	2,585	18,496	65,217	71,484	26,174	31,015	32,151	32,281	228,916	298,097	205,030	112,347	182,523	1,324,284
Indirect costs	729	-	391	687	7,175	-	3,019	3,396	3,750	952	-	4,770	-	7,081	31,950
Grantee's share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	<u>16,697</u>	<u>2,585</u>	<u>18,887</u>	<u>65,904</u>	<u>78,659</u>	<u>26,174</u>	<u>34,034</u>	<u>35,547</u>	<u>36,031</u>	<u>229,868</u>	<u>298,097</u>	<u>209,800</u>	<u>112,347</u>	<u>189,604</u>	<u>1,356,234</u>
Revenues over (under) expenditures	<u>\$ 7,303</u>	<u>\$ (151,484)</u>	<u>\$ -</u>	<u>\$ (32,441)</u>	<u>\$ -</u>	<u>\$ (21,101)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,053)</u>	<u>\$ 42,341</u>	<u>\$ -</u>	<u>\$ 350,567</u>	<u>\$ (65,349)</u>	<u>\$ 104,783</u>
															Total expenditures
															\$ 1,356,234
															Reconciling items
															Principal payments
															(24,060)
															Fixed assets additions
															-
															Depreciation
															42,781
															Accrued Vacation
															-
															Functional expenses
															<u>\$ 1,374,955</u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
 HUD - SECTION VIII HOUSING
 BALANCE SHEET
 JUNE 30, 2018

ASSETS

Assets

Cash	
Unrestricted	\$ 9,813
Total current assets	<u>9,813</u>
Fixed assets	
Furniture, equipment & machinery	37,502
Less accumulated depreciation	<u>(23,083)</u>
	<u>14,419</u>
Due from agency	<u>-</u>
TOTAL ASSETS	<u>\$ 24,232</u>

LIABILITIES AND NET ASSETS

Liabilities

Current liabilities	
Accounts payable	\$ -
Noncurrent liabilities	
Other	<u>43,107</u>
Total liabilities	<u>43,107</u>

Net assets

Invested in capital assets	14,419
Unrestricted	(229,100)
Temporarily restricted net assets	<u>195,806</u>
Total net assets	<u>(18,875)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,232</u>

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
 HUD - SECTION VIII HOUSING
 STATEMENT OF REVENUES AND EXPENDITURES
 AND CHANGES IN NET ASSETS
 YEAR ENDED JUNE 30, 2018

		<u>Actual</u>
Revenues:		
Annual contributions funded		\$ 1,747,677
Housing payments recovered		<u>1,796</u>
Total revenues		<u>1,749,473</u>
Expenditures:		
Salaries and wages		127,159
Audit costs		4,596
Fringe benefits		32,732
Other operating expenses:		
Travel	4,141	
Training	1,441	
Printing and advertising	2,284	
Copier costs	1,219	
Office supplies	10,529	
Rent and utilities	8,171	
Maintenance	98	
Telephone	3,711	
Insurance	4,379	
Other administrative costs	7,317	
Indirect costs	<u>20,536</u>	
Total other operating expenses		63,826
Housing assistance payments		1,561,989
Depreciation		<u>1,880</u>
Total operating expenses		<u>1,792,182</u>
Excess of revenues over expenditures		<u>(42,709)</u>
Net assets, June 30, 2017		<u>23,834</u>
Net assets, June 30, 2018		<u><u>\$ (18,875)</u></u>



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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 COMBINED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Choanoke Area Development Association, Incorporated
Rich Square, North Carolina

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 accompanying basic financial statements of Choanoke Area Development Association, Incorporated (a nonprofit organization), which include the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 6, 2019. We have compiled the financial statements of Woodland-Olney, L.L.C. which include the balance sheet as of June 30, 2018, and the related statement of income, changes in equity, and cash flows for the year then ended, and the related notes to the financial statements. These combined financial statements collectively comprise Choanoke Area Development Association, Incorporated's basic combined financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered Choanoke Area Development Association, Incorporated's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Choanoke Area Development Association, Incorporated'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 combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Choanoke Area Development Association, Incorporated's combined 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 combined 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.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

March 6, 2019



**PETWAY
MILLS &
PEARSON, PA**
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB UNIFORM GUIDANCE**

To the Board of Directors
Choanoke Area Development Association, Incorporated
Rich Square, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Choanoke Area Development Association, Incorporated's (a nonprofit organization) compliance with the types of compliance requirements described in the *US Office of Management and Budget (OMB) Compliance Supplement*, that could have a direct and material effect on each of Choanoke Area Development Association, Incorporated's major federal programs for the year ended June 30, 2018. Choanoke Area Development Association, Incorporated's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Choanoke Area Development Association, Incorporated'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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 Choanoke Area Development Association, Incorporated'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 Choanoke Area Development Association, Incorporated's compliance.

Opinion on Each Major Federal Program

In our opinion, Choanoke Area Development Association, Incorporated 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, 2018.

Report on Internal Control Over Compliance

Management of Choanoke Area Development Association, Incorporated 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 Choanoke Area Development Association, Incorporated's

internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 the Organization'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 a 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 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

March 6, 2019

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	_____ x _____ no
Significant deficiency(ies) identified that are not considered to be material weaknesses	_____ yes	_____ x _____ none reported
Noncompliance material to financial statements noted	_____ yes	_____ x _____ no

Federal Awards

Type of auditors' report issued on compliance for major federal programs: Unmodified.

Internal control over major federal programs:

Material weakness(es) identified?	_____ yes	_____ x _____ no
Significant deficiency(ies) identified that are not considered to be material weaknesses	_____ yes	_____ x _____ none reported
Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance	_____ yes	_____ x _____ no

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA Number</u>
Head Start/Early Head Start	93.600
Housing Choice Vouchers	14.871
Child and Adult Care Food Program	10.558

Dollar threshold use to distinguish between Type A and Type B Programs	\$750,000
Auditee qualified as low-risk auditee?	_____ yes _____ x _____ no

**CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION II FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

**CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION II FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

**CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

There were no prior year findings.

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2018

Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Federal Grants:			
U.S. Department of Labor			
Passed through Upper Coastal Plain Council of Governments:			
Workforce Innovation and Opportunity Act - Youth	17.259		\$ 80,185
Workforce Innovation and Opportunity Act - Youth	17.259		<u>114,126</u>
Passed through Mid-East Commission:			
Workforce Innovation and Opportunity Act - Youth	17.259		108,631
Workforce Innovation and Opportunity Act - Youth	17.259		104,486
Workforce Innovation and Opportunity Act - Youth	17.259		111,129
Workforce Investment Act: National Energy Grants Disaster Matthew Program	17.277		209,624
Total U.S. Department of Labor			<u>728,181</u>
U.S. Department of Health & Human Services			
Head Start/Early Head Start (Direct Program)	93.600	04CH4675/04	289,552
Head Start/Early Head Start (Direct Program)	93.600	04CH4675/03	5,236,212
Passed through the N.C. Department of Health and Human Services:			
Community Services Block Grant	93.569	33639	<u>395,159</u>
Passed through the N.C Department of Environmental Quality			
Weatherization Assistance for Low income Persons	93.568		424,405
Heating and Appliance Repair and Replacement Program	93.568		<u>215,689</u>
Total U.S. Department of Health and Human Services			<u>6,561,017</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter (Direct Program)	97.024		<u>2,953</u>
Total U.S. Department of Homeland Security			<u>2,953</u>
U.S. Department of Energy			
Passed through the N.C. Department of Environmental and Quality			
Weatherization Assistance for Low Income Persons - DOE Funds	81.042		<u>154,551</u>
Total U.S. Department of Energy			<u>154,551</u>

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

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2018

Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Housing and Urban Development			
Passed through North Carolina Housing Finance Agency			
HOME Investments Partnerships Program	14.239		202,182
Direct Programs			
Housing Counseling Assistance Program	14.169		20,144
Housing Choice Vouchers (Direct Program)	14.871	NC139	1,747,677
Total U.S. Department of Housing and Urban Development			<u>1,970,003</u>
U.S. Department of Treasury			
Passed through North Carolina Housing Finance Agency			
Neighborworks Project Reinvestment			19,545
NC Foreclosure Prevention Program	21.020		<u>10,400</u>
Neighborworks America			
Passed through North Carolina Housing Finance Agency			
National Foreclosure Mitigation Counseling Program	21.000		<u>3,222</u>
U.S. Department of Agriculture			
Passed through the North Carolina Department of Health and Human Services:			
Child and Adult Food Program	10.558		<u>340,438</u>
Total U.S. Department of Agriculture			<u>340,438</u>
TOTAL FEDERAL ASSISTANCE			<u>9,790,310</u>
State Grants:			
North Carolina Housing Finance Agency			
North Carolina Housing Trust Fund - Urgent Repair Program			126,644
SHFPP			7,375
New Homes Loan Pool			4,400
Housing Capacity			2,159
North Carolina Department of Public Safety			
Juvenile Crime Prevention Council			87,000
North Carolina Partnership for Children			
Parents as Teachers			72,000
TOTAL STATE ASSISTANCE			<u>299,578</u>
TOTAL ASSISTANCE			<u>\$ 10,089,888</u>

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

CHOANOKE AREA DEVELOPMENT ASSOCIATION, INCORPORATED
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2018

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Choanoke Area Development Association, Incorporated under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this schedule of expenditures of federal and State awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Choanoke Area Development Association, Incorporated, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Choanoke Area Development Association, Inc.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Grantee Contributions

The Association contributed the following to federal programs:

Head Start	\$ 750,780
	<u>\$ 750,780</u>

Note 4: Pass Through Entity

Choanoke Area Development Association, Incorporated, is a pass through entity for the U.S. Department of Agriculture. The funds were passed to Hertford-Northampton Farmer's Market, Inc.

Note 5: Indirect Costs

Choanoke Area Development Association, Incorporated has negotiated an indirect cost rate as allowed under the Uniform Guidance with USDHHS.

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

Section C-2

Civil Rights

Civil Rights Certification
(Qualified PHAs)

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB Approval No. 2577-0226
Expires 02/29/2016

Civil Rights Certification

Annual Certification and Board Resolution

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official, I approve the submission of the 5-Year PHA Plan for the PHA of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the public housing program of the agency and implementation thereof:

The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990, and will affirmatively further fair housing by examining their programs or proposed programs, identifying any impediments to fair housing choice within those program, addressing those impediments in a reasonable fashion in view of the resources available and working with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and by maintaining records reflecting these analyses and actions.

Choanoke Area Development Association, Inc.
PHA Name

NC - 139
PHA Number/HA Code

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official **Catherine Moody**

Title **Board President**

Signature

Date

Section C-3

Resident Advisory Board

Resident Advisory Board (RAB) Comment

No Comment