

COMMUNITY OPPORTUNITIES, INC.
D/B/A NEW OPPORTUNITIES, INC.

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2018

NEW OPPORTUNITIES, INC.

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NEW OPPORTUNITIES, INC.

BOARD OF DIRECTORS

Executive Board of Directors

Eugene Meiners	President
Rick Hecht	Vice President
Terry Striegel	Secretary
Teresa Mobley	Treasurer

Board Members

<u>Representing</u>			
<u>County</u>	<u>Government</u>	<u>Low-Income</u>	<u>Private</u>
Audubon	Gary VanAernam	Tina Malloy	Kathy Kluis
Calhoun	Carl Legore	Peggy Galletley	Vacancy
Carroll	Eugene Meiners	Jeff Cayler	Peg Hamilton
Dallas	Mark Hanson	Kim Denman	Tim Farmer
Greene	Tom Contner	Lori Campbell	Teresa Mobley
Guthrie	Tom Rutledge	Denis James	Carolyn Masters
Sac	Rick Hecht	Cindy Wallace	Terry Striegel

Agency Officials

Chad Jensen	Chief Executive Officer
Sheri Mertz	Chief Financial Officer

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Opportunities, Inc.
Carroll, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of New Opportunities, Inc. (an Iowa Non-Profit Corporation) which comprise the statement of financial position as of September 30, 2018 and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

To the Board of Directors
New Opportunities, Inc.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Opportunities, Inc. as of September 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.

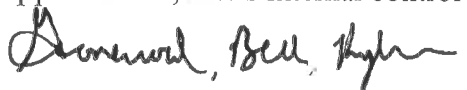
Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise New Opportunities, Inc.'s basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended September 30, 2017 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included on page 1 and on Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 28, 2019 on our consideration of New Opportunities, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Opportunities, Inc.'s 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 New Opportunities, Inc.'s internal control over financial reporting and compliance.

 - Co. P. C.

Atlantic, Iowa
January 28, 2019

NEW OPPORTUNITIES, INC.
Statement of Financial Position
All Funds
September 30, 2018

ASSETS	Administrative Fund	Program Funds	Plant Fund	Total
Cash	\$ 206,105	\$ 932,672	\$ --	\$ 1,138,777
Investments	24,139	--	--	24,139
Receivables:				
Grantor agencies	--	460,085	--	460,085
Other sources	332	109,215	--	109,547
Prepaid expenses	760	--	--	760
Inventory	14,554	--	--	14,554
Deferred financing costs	28,922	--	--	28,922
Property and equipment at cost, less accumulated depreciation of \$1,263,763	--	--	2,192,170	2,192,170
Total Assets	<u>\$ 274,812</u>	<u>\$ 1,501,972</u>	<u>\$ 2,192,170</u>	<u>\$ 3,968,954</u>
LIABILITIES AND NET ASSETS (DEFICIT)				
Liabilities				
Payables:				
Accounts	\$ 23,561	\$ 99,732	\$ --	\$ 123,293
Salaries and benefits	41,192	298,118	--	339,310
State advance	--	32,087	--	32,087
Advances from grantors	8,132	506,071	--	514,203
Revenue bond	<u>932,773</u>	<u>--</u>	<u>--</u>	<u>932,773</u>
Total Liabilities	1,005,658	936,008	--	1,941,666
Net Assets (Deficit)				
Unrestricted	(730,846)	--	1,596,314	865,468
Temporarily restricted by grantor agencies	--	565,964	595,856	1,161,820
Total Net Assets (Deficit)	<u>(730,846)</u>	<u>565,964</u>	<u>2,192,170</u>	<u>2,027,288</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 274,812</u>	<u>\$ 1,501,972</u>	<u>\$ 2,192,170</u>	<u>\$ 3,968,954</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Activities
All Funds
Year Ended September 30, 2018

	Administrative Fund	Program Funds	Plant Fund	Total
Revenues:				
Governmental Funding Sources:				
Iowa Department of Human Rights	\$ --	\$ 2,696,229	\$ --	\$ 2,696,229
U.S. Department of Health and Human Services	--	2,446,941	--	2,446,941
Iowa Department of Public Health	--	1,247,920	--	1,247,920
Iowa Department of Education	--	424,669	--	424,669
Iowa Department of Human Services	--	134,767	--	134,767
Various	--	4,670	--	4,670
In-Kind Contributions	--	708,137	--	708,137
Public Support and Contributions	--	535,956	--	535,956
Co-Funding	--	138,884	--	138,884
Investment Income	15,411	--	--	15,411
Rental Income	116,133	--	--	116,133
Investment in Plant	--	--	19,924	19,924
Miscellaneous	11,250	471,470	--	482,720
Total Revenues	142,794	8,809,643	19,924	8,972,361
Expenses:				
Head Start	--	3,155,078	--	3,155,078
Community Services Block Grant (CSBG)	--	247,184	--	247,184
Low-Income Home Energy Assistance Program (LIHEAP)	--	1,791,523	--	1,791,523
Weatherization Assistance	--	441,108	--	441,108
Maternal and Child Health	--	229,020	--	229,020
Women, Infants and Children (WIC)	--	307,021	--	307,021
Child and Adult Care Food Program (CACFP) - Homes	--	418,561	--	418,561
Substance Abuse Programs	--	1,166,531	--	1,166,531
Other Programs	--	1,081,352	--	1,081,352
Administration	79,994	--	--	79,994
Depreciation	--	--	177,657	177,657
Total Expenses	79,994	8,837,378	177,657	9,095,029
Excess of Revenues Over Expenses (Expenses Over Revenues)	62,800	(27,735)	(157,733)	(122,668)
Change in Unrealized Gains and Losses on Investments, Other Than Trading Securities	(2,369)	--	--	(2,369)
Change in Net Assets	\$ 60,431	\$(27,735)	\$(157,733)	\$(125,037)

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Changes in Net Assets
All Funds
Year Ended September 30, 2018

	<u>Administrative Fund</u>	<u>Program Funds</u>	<u>Plant Fund</u>	<u>Total</u>
Net Assets (Deficit) at Beginning of Year	\$(791,277)	\$ 593,699	\$ 2,349,903	\$ 2,152,325
Excess of Revenues Over Expenses (Expenses Over Revenues)	62,800	(27,735)	(157,733)	(122,668)
Change in Unrealized Gains and Losses on Investments, Other Than Trading Securities	<u>(2,369)</u>	<u>--</u>	<u>--</u>	<u>(2,369)</u>
Net Assets (Deficit) at End of Year	<u>\$(730,846)</u>	<u>\$ 565,964</u>	<u>\$ 2,192,170</u>	<u>\$ 2,027,288</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Functional Expenses
Year Ended September 30, 2018

	<u>Management and General</u>	<u>Program Services</u>	<u>Total</u>
Salaries and wages	\$ 369,529	\$ 2,690,134	\$ 3,059,663
Fringe benefits	124,660	932,270	1,056,930
Assistance to individuals	--	2,582,430	2,582,430
Professional fees and contracted services	31,745	146,635	178,380
Travel	6,501	153,117	159,618
Occupancy	26,218	292,872	319,090
Communication costs	5,853	66,627	72,480
Program and office supplies	25,601	285,833	311,434
Equipment, property and maintenance	14,278	79,553	93,831
Insurance	4,651	32,919	37,570
Interest expense	62,837	--	62,837
Amortization	1,924	--	1,924
Miscellaneous	11,138	123,026	134,164
Co-funding	--	138,884	138,884
In-kind expenses	--	708,137	708,137
Depreciation	<u>116,529</u>	<u>61,128</u>	<u>177,657</u>
Total Expenses Before Allocation of Indirect Costs	801,464	8,293,565	9,095,029
Allocation of indirect costs	<u>(604,941)</u>	<u>604,941</u>	<u>--</u>
Total Expenses	<u>\$ 196,523</u>	<u>\$ 8,898,506</u>	<u>\$ 9,095,029</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Cash Flows
Year Ended September 30, 2018

Cash flows from operating activities:	
Cash received from State Agencies	\$ 4,652,650
Cash received from Federal Grantors	2,474,528
Contributions received	535,956
Investment income	15,411
Other receipts	486,191
Cash paid to employees and suppliers	(7,859,481)
Interest paid	(62,837)
Net cash provided by operating activities	<u>242,418</u>
Cash flows from investing activities:	
Payments to acquire property and equipment	(19,924)
Cash flows from financing activities:	
Principal paid on revenue bond	<u>(62,060)</u>
Net increase in cash	160,434
Cash and cash equivalents at beginning of year	<u>978,343</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,138,777</u></u>

(continued next page)

NEW OPPORTUNITIES, INC.
Statement of Cash Flows - Continued
Year Ended September 30, 2018

Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$(125,037)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	177,657
Amortization	1,924
Change in unrealized gains and losses on investments	2,369
Changes in assets and liabilities	
Receivables	142,786
Prepaid expenses	84,634
Inventory	(3,249)
Payables	(71,333)
Advances from grantors	32,667
Total adjustments	<u>367,455</u>
Net cash provided by operating activities	<u>\$ 242,418</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Community Opportunities, Inc. d/b/a New Opportunities, Inc. (the Agency), a not-for-profit corporation, is a community action agency that serves the Iowa counties of Audubon, Calhoun, Carroll, Dallas, Greene, Guthrie, and Sac. New Opportunities, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. The Agency is required to file a Form 990 annually to maintain its exempt status.

New Opportunities, Inc. administers various programs funded by Federal, State and local governmental bodies. Each program is accounted for as a separate fund. As indicated on Exhibit B, the Agency received approximately 77% of its revenues from four governmental funding sources. The Agency has renewed substantially all of these governmental funding sources for fiscal year October 1, 2018 to September 30, 2019.

The Agency's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board for non-profit corporations.

B. Fund Accounting

The accounts of New Opportunities, Inc. are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenses. The various funds are summarized as follows in the financial statements:

Administrative Fund - The Administrative Fund represents funds derived from local sources such as donations, rents and miscellaneous activities. The Agency's overall management and administrative expenses are charged to this fund and then allowable indirect costs are allocated to the various programs which the Agency administers.

Program Funds - Program Funds are used to account for the revenues and expenses that are contractually restricted by the funding source for specific purposes.

Plant Fund - The Plant Fund is used to accumulate the net investment in fixed assets and to account for the unexpended resources contributed specifically for the purpose of acquiring fixed assets for the Agency.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Purchases of property and equipment providing future benefits are recorded as expenses in the program at the time of purchase and capitalized in the plant fund.

D. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

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

Temporarily Restricted Net Assets - Temporarily restricted net assets are those whose use by the Agency has been limited by grantor agencies to a specific time period or purpose.

Revenues and expenses are reported as increases or decreases in unrestricted net assets unless use of the related assets is limited by donor- or grantor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

E. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the Statement of Financial Position:

Cash and Cash Equivalents - The Agency considers demand deposits and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments - Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses (expenses over revenues) unless the income or loss is restricted by donor or law. Unrealized gains or losses are recorded in investment income (loss) on trading securities and as a change in net assets on available for sale and held to maturity securities.

Receivables from Grantor Agencies - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenditures as of the beginning and end of the year. Receivables from Grantor Agencies represent an excess of expenditures over cash basis reimbursements at year end.

All receivables are considered fully collectible. Accordingly, no provision for uncollectible amounts has been recorded.

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had not been paid or received as of September 30, 2018, balances of interfund amounts receivable or payable have been recorded.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Prepaid Expenses - Prepaid expenses consist of the unexpired portion of insurance premiums for Agency auto, liability, property damage, and worker's compensation coverage.

Inventory - Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out basis. The costs of inventories are recorded as expenses when consumed rather than when purchased.

Property and Equipment - Property and equipment are valued at historical cost or estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation.

Property and equipment purchased are recorded as expenses in the fund purchasing the asset. The purchases are then capitalized in the plant fund accumulating the net investment in fixed assets. Depreciation has been provided in the plant fund using the straight-line method over the estimated useful lives of the respective assets, generally 5 to 25 years. The depreciated cost of the property and equipment does not purport to be either a realizable value or a replacement value.

Expenses for maintenance, repairs and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized into the Plant Fund. The cost of assets disposed of is deleted. No interest costs were capitalized during the year ended September 30, 2018.

Advances From Grantors - Advances from grantors represents an excess of cash advances by the funding source over accrued expenses at year end.

Compensated Absences - Employees of the Agency accumulate a limited amount of earned but unused vacation payable to employees. Amounts representing the cost of compensated absences are recorded as liabilities of the Administrative and Program Funds. This liability has been computed based on rates of pay in effect at September 30, 2018.

F. In-Kind Contributions

The Agency recognizes donated labor, services, materials and rent-free or rent-reduced usage of facilities and equipment as in-kind revenues at the time the services and materials are received. These in-kind contributions and the corresponding expense are valued at their estimated fair market value and recognized in the financial statements in accordance with grant requirements.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Total Column

The total column on the statements of financial position, activities, and functional expenses is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

H. Use of Estimates

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

NOTE 2 - INDIRECT COST RATE AGREEMENT

New Opportunities, Inc. entered into an Indirect Cost Rate Agreement with their cognizant agency, Department of Health and Human Services, setting a provisional Indirect Cost Rate of up to 16.8% for fiscal years October 1, 2017 to September 30, 2020. The Agency used a 16.7% Indirect Cost Rate for the fiscal year ending September 30, 2018. The Indirect Cost allowed is calculated by multiplying the lower of the approved provisional rate or the rate used by the Agency (16.7%) times the allocation base. The allocation base is the Agency's direct salaries and wages, including fringe benefits and is applicable to all programs. The use of the Indirect Cost Rate allows for an allocation process of the Agency's costs that are incurred for common or joint objectives and, therefore, cannot be readily and specifically identified with a particular project or activity.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS

The Agency's deposits at September 30, 2018 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the Agency or the Agency's agent in the Agency's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Investments are stated as indicated in Note 1. The composition of investments is as set forth below:

Equity securities	<u>\$ 24,139</u>
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All equity securities are classified as available for sale. None of the \$24,139 of equity securities is covered by any form of insurance against loss.

Investment income and other changes in investments are comprised of the following for the year ended September 30, 2018:

Investment Income:	
Interest and dividend income	<u>\$ 15,411</u>

Other Changes in Investments:	
Change in unrealized gains and (losses) on available for sale securities	<u>\$ (2,369)</u>

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2018

NOTE 4 - FAIR VALUE MEASUREMENTS

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Agency measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 1 inputs were available for all investments at September 30, 2018.

Level 1 Fair Value Measurements

The fair value of publicly traded equity securities is based on quoted net asset values of the shares held by the Agency at year-end.

The following table sets forth, by level within the fair value hierarchy, the Agency's investments at fair value as of September 30, 2018:

<u>September 30, 2018</u>	<u>Fair Value</u>	Fair Value Measurements at Reporting Date Using:
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Equity securities	\$ <u>24,139</u>	\$ <u>24,139</u>

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2018

NOTE 5 - PROPERTY AND EQUIPMENT

A summary of property and equipment comprising the plant fund at September 30, 2018, categorized by acquiring program/source, is as follows:

<u>Acquiring Program/Source</u>	<u>Land and Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Head Start	\$ 573,453	\$ 112,903	\$ 180,839	\$ 867,195
Maternal Health/Child Health	--	--	5,643	5,643
Weatherization Assistance	--	75,459	6,405	81,864
Women, Infants and Children	--	21,847	--	21,847
Community Service Block Grant	--	21,851	--	21,851
General Agency	<u>2,299,041</u>	<u>54,872</u>	<u>103,620</u>	<u>2,457,533</u>
Total Cost	<u>2,872,494</u>	<u>286,932</u>	<u>296,507</u>	<u>3,455,933</u>
Less Accumulated Depreciation	<u>(838,443)</u>	<u>(223,858)</u>	<u>(201,462)</u>	<u>(1,263,763)</u>
Net	<u>\$2,034,051</u>	<u>\$ 63,074</u>	<u>\$ 95,045</u>	<u>\$ 2,192,170</u>

The components of the Agency's accumulated depreciation at September 30, 2018 are as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Balance Beginning of Year	\$ 730,517	\$ 188,781	\$ 166,808	\$ 1,086,106
Current Year Depreciation	107,926	35,077	34,654	177,657
Less Disposals	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Balance End of Year	<u>\$ 838,443</u>	<u>\$ 223,858</u>	<u>\$ 201,462</u>	<u>\$ 1,263,763</u>

NOTE 6 - REVENUE BOND

The following is a summary of the revenue bond payable and related information at September 30, 2018:

Revenue bond payable \$ 932,773

The revenue bond was issued in December, 2008 in the amount of \$1,400,000. The bond was issued to finance the acquisition of land and a building to house the Agency's operations and is collateralized by a mortgage agreement on the Agency's real estate. The bond matures in 240 equal monthly installments of \$10,408, including interest at 6.5% per annum, through December, 2028.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2018

NOTE 6 - REVENUE BOND - Continued

The principal and interest payments required on the bond for the next five and subsequent years are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 66,216	\$ 58,680	\$ 124,896
2020	70,650	54,246	124,896
2021	75,382	49,514	124,896
2022	80,430	44,466	124,896
2023	85,817	39,079	124,896
2024-2028	523,389	101,093	624,482
2029	<u>30,889</u>	<u>337</u>	<u>31,226</u>
	<u>\$ 932,773</u>	<u>\$ 347,415</u>	<u>\$ 1,280,188</u>

NOTE 7 - LEASE COMMITMENT

New Opportunities, Inc. leases office space under operating leases which may be canceled by either party by giving written notice ranging from sixty to ninety days of their intention to vacate the lease. The Agency also leases copy machines and a mailing system under non-cancelable operating leases expiring through December, 2018.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2018 are as follows:

<u>Year Ending September 30,</u>	
2019	\$ 26,286
2020	26,008
2021	26,317
2022	26,056
2023	24,094
2024	<u>7,868</u>
Total minimum future rental payments	<u>\$ 136,629</u>

Rental expense under all non-cancelable operating leases for the year ended September 30, 2018 totaled approximately \$27,500.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2018

NOTE 8 - PENSION AND RETIREMENT BENEFITS

Iowa Public Employees Retirement System

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is identified as a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

Plan members are required to contribute 5.95% (6.29% effective July 1, 2018) of their annual salary and the Agency is required to contribute 8.93% (9.44% effective July 1, 2018) of annual covered payroll. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the year ended September 30, 2018 was approximately \$261,000, equal to the required contribution for the year, while the employees contributed approximately \$175,000.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Line of Credit

The Agency has established an open-end line of credit with a local bank with a face amount of \$200,000. The line of credit carries a variable interest rate (5.75% at September 30, 2018) and there was no amount borrowed on the line at September 30, 2018. The agreement expires in April, 2019.

Federal Assistance Grants

New Opportunities, Inc. receives a significant portion of its revenues from government grants and contracts, all of which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits, therefore no liability is accrued on these financial statements.

Agency Risk Management

New Opportunities, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Subsequent Event

The Agency has evaluated all subsequent events through January 28, 2019, the date the financial statements were available to be issued.

* * *

SUPPLEMENTARY INFORMATION

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds
Year Ended September 30, 2018

	Head Start & Early Head Start	CACFP - Head Start
Revenues:		
Governmental Funding Sources:		
Iowa Department of Human Rights	\$ --	\$ --
U.S. Department of Health and Human Services	2,446,941	--
Iowa Department of Public Health	--	--
Iowa Department of Education	--	105,649
Iowa Department of Human Services	--	--
Various	--	--
In-Kind Contributions	708,137	--
Public Support and Contributions	--	--
Co-funding	--	--
Miscellaneous	--	--
	<hr/>	<hr/>
Total Revenues	3,155,078	105,649
Expenses:		
Salaries and wages	1,280,735	--
Fringe benefits	428,976	--
Assistance to individuals	40,278	105,649
Professional fees and contracted services	56,811	--
Travel	36,653	--
Occupancy	125,885	--
Communication costs	21,461	--
Program and office supplies	94,228	--
Equipment, property and maintenance	27,196	--
Insurance	14,846	--
Miscellaneous	34,350	--
Co-Funding	--	--
In-Kind expenses	708,137	--
	<hr/>	<hr/>
Total Expenses Before Allocation of Indirect Costs	2,869,556	105,649
Allocation of Indirect Costs	<hr/> 285,522	<hr/> --
Total Expenses	<hr/> 3,155,078	<hr/> 105,649
Change in Net Assets	--	--
Net Assets (Deficit) at Beginning of Year	<hr/> --	<hr/> --
Net Assets (Deficit) at End of Year	<hr/> \$ --	<hr/> \$ --

(continued next page)

<u>CACFP - Homes</u>	<u>CSBG</u>	<u>FDC Outreach</u>	<u>WIC</u>
\$ --	\$ 247,184	\$ --	\$ --
--	--	--	--
--	--	--	302,420
312,912	--	6,108	--
--	--	5,130	--
--	--	--	706
--	--	--	--
--	--	299,126	--
--	--	127,429	549
--	--	6,434	3,346
312,912	247,184	444,227	307,021
40,595	60,155	158,915	151,910
12,004	14,897	67,280	50,047
234,950	--	48,232	6,397
3,332	1,152	9,496	7,045
4,602	4,374	24,057	5,359
1,681	3,461	33,856	15,055
1,322	1,735	8,218	4,185
3,841	2,212	38,672	20,176
834	1,121	5,319	6,696
159	958	2,818	1,766
808	5,701	9,589	4,658
--	138,884	--	--
--	--	--	--
304,128	234,650	406,452	273,294
8,784	12,534	37,775	33,727
312,912	247,184	444,227	307,021
--	--	--	--
--	--	--	--
\$ --	\$ --	\$ --	\$ --

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2018

	Maternal & Child Health	1 st Five
Revenues:		
Governmental Funding Sources:		
Iowa Department of Human Rights	\$ --	\$ --
U.S. Department of Health and Human Services	--	--
Iowa Department of Public Health	132,456	107,877
Iowa Department of Education	--	--
Iowa Department of Human Services	--	--
Various	--	--
In-Kind Contributions	--	--
Public Support and Contributions	6,000	--
Co-funding	632	1,177
Miscellaneous	89,932	--
Total Revenues	229,020	109,054
Expenses:		
Salaries and wages	111,880	55,461
Fringe benefits	37,355	17,853
Assistance to individuals	--	--
Professional fees and contracted services	12,874	206
Travel	2,697	1,915
Occupancy	8,834	4,817
Communication costs	3,407	1,368
Program and office supplies	14,144	5,810
Equipment, property and maintenance	1,405	6
Insurance	716	385
Miscellaneous	10,786	8,990
Co-Funding	--	--
In-Kind expenses	--	--
Total Expenses Before Allocation of Indirect Costs	204,098	96,811
Allocation of Indirect Costs	24,922	12,243
Total Expenses	229,020	109,054
Change in Net Assets	--	--
Net Assets (Deficit) at Beginning of Year	--	--
Net Assets (Deficit) at End of Year	\$ --	\$ --

(continued next page)

Weatherization Assistance Programs			
LIHEAP	HEAP	Department of Energy	Utility Company
\$ 1,791,523	\$ 195,536	\$ 186,354	\$ 275,632
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
1,791,523	195,536	186,354	275,632
96,345	4,499	--	--
41,745	1,386	--	--
1,596,772	127,976	87,256	233,660
4,909	--	--	--
3,863	5,182	--	--
13,840	--	--	--
4,225	--	--	--
1,559	--	--	--
3	(275)	--	--
801	2,374	--	--
4,400	54,394	99,098	41,972
--	--	--	--
--	--	--	--
1,768,462	195,536	186,354	275,632
23,061	--	--	--
1,791,523	195,536	186,354	275,632
--	--	--	--
--	--	--	--
\$ --	\$ --	\$ --	\$ --

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2018

	<u>Substance Abuse Prevention</u>	<u>Substance Abuse Treatment</u>
Revenues:		
Governmental Funding Sources:		
Iowa Department of Human Rights	\$ --	\$ --
U.S. Department of Health and Human Services	--	--
Iowa Department of Public Health	280,985	341,482
Iowa Department of Education	--	--
Iowa Department of Human Services	51,908	--
Various	700	3,264
In-Kind Contributions	--	--
Public Support and Contributions	75,655	32,018
Co-funding	7,724	--
Miscellaneous	<u>45,643</u>	<u>298,709</u>
Total Revenues	462,615	675,473
Expenses:		
Salaries and wages	194,808	325,671
Fringe benefits	84,985	108,548
Assistance to individuals	--	12,073
Professional fees and contracted services	20,620	21,135
Travel	36,393	18,107
Occupancy	16,348	36,940
Communication costs	6,186	9,472
Program and office supplies	46,304	29,929
Equipment, property and maintenance	2,211	18,820
Insurance	1,392	2,061
Miscellaneous	8,118	47,170
Co-Funding	--	--
In-Kind expenses	<u>--</u>	<u>--</u>
Total Expenses Before Allocation of Indirect Costs	417,365	629,926
Allocation of Indirect Costs	<u>46,725</u>	<u>72,515</u>
Total Expenses	<u>464,090</u>	<u>702,441</u>
Change in Net Assets	(1,475)	(26,968)
Net Assets (Deficit) at Beginning of Year	<u>88,169</u>	<u>758,816</u>
Net Assets (Deficit) at End of Year	<u>\$ 86,694</u>	<u>\$ 731,848</u>

See accompanying independent auditor's report.

<u>Other</u>	<u>Eliminations</u>	<u>Total</u>
\$ --	\$ --	\$ 2,696,229
--	--	2,446,941
82,700	--	1,247,920
--	--	424,669
77,729	--	134,767
--	--	4,670
--	--	708,137
123,157	--	535,956
1,373	--	138,884
<u>243,820</u>	<u>(216,414)</u>	<u>471,470</u>
528,779	(216,414)	8,809,643
209,160	--	2,690,134
67,194	--	932,270
89,187	--	2,582,430
9,055	--	146,635
9,915	--	153,117
32,155	--	292,872
5,048	--	66,627
28,958	--	285,833
16,217	--	79,553
4,643	--	32,919
9,406	(216,414)	123,026
--	--	138,884
<u>--</u>	<u>--</u>	<u>708,137</u>
480,938	(216,414)	8,232,437
<u>47,133</u>	<u>--</u>	<u>604,941</u>
<u>528,071</u>	<u>(216,414)</u>	<u>8,837,378</u>
708	--	(27,735)
<u>(253,286)</u>	<u>--</u>	<u>593,699</u>
<u><u>\$(252,578)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 565,964</u></u>

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Direct Programs		
Head Start Program	93.600	07CH 7055/05
Head Start Program	93.600	07CH 010517-01
Early Head Start	93.600	07CH 7055/05
Early Head Start	93.600	07CH 010517-01
Indirect Programs		
Passed through Iowa Department of Human Rights		
Low-Income Home Energy Assistance Program	93.568	LIHEAP 18-01
Weatherization Assistance	93.568	HEAP 17-01
Weatherization Assistance	93.568	HEAP 18-01
Community Services Block Grant	93.569	CSBG 17-01
Community Services Block Grant	93.569	CSBG 18-01
Passed through Iowa Department of Public Health		
Family Planning	93.217	5888 FP04
Abstinence Education Grant Program	93.235	5888 CH01A
Title V State Sexual Risk Avoidance Education Program	93.235	5889 CH01A
Access to Recovery	93.243	5885 AC07
Iowa Partnerships for Success	93.243	5888 IP33
Iowa Partnerships for Success	93.243	5888 IP34
Expansion of School Based Dental Sealant Program	93.283	5888 MH04
Hawk-I	93.767	5888 MH04
I-Smile	93.778	5888 MH04
Iowa Opioid State Targeted Response	93.778	5888 SA34
Iowa Opioid State Targeted Response	93.778	5889 SA34
1 st Five HMDI - Implementation Phase	93.778	5888 MH103
1 st Five HMDI - Implementation Phase	93.778	5889 MH103
Maternal Health FFS	93.778	5888 MH04
Child Health FFS	93.778	5888 MH04
Comprehensive Substance Abuse Prevention	93.959	5888 CP04
Substance Abuse Prevention and Treatment Block Grant	93.959	Amerigroup
Expansion of School Based Dental Sealant Program	93.994	5888 MH04
Maternal Health	93.994	5888 MH04
Child Health	93.994	5888 MH04
Child Dental Health	93.994	5888 MH04
1 ST Five HMDI - Implementation Phase	93.994	5889 MH103

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
12/01/16 - 11/30/17	\$ 392,178
12/01/17 - 11/30/18	1,568,447
12/01/16 - 11/30/17	81,747
12/01/17 - 11/30/18	<u>404,569</u>
	2,446,941
10/01/17 - 09/30/18	1,791,523
01/01/17 - 12/31/17	103,025
01/01/18 - 12/31/18	<u>92,511</u>
	1,987,059
10/01/16 - 09/30/18	180,950
10/01/17 - 03/31/19	<u>66,234</u>
	247,184
07/01/17 - 08/31/18	49,551
08/01/17 - 07/31/18	21,558
08/01/18 - 07/31/19	<u>5,510</u>
	27,068
10/01/14 - 06/30/18	34,116
09/30/17 - 09/29/18	73,093
09/30/17 - 09/29/18	<u>75,457</u>
	182,666
10/01/17 - 09/30/18	1,364
10/01/17 - 09/30/18	4,076
10/01/17 - 09/30/18	28,423
08/01/17 - 04/30/18	19,509
05/01/18 - 04/30/19	19,977
07/01/17 - 06/30/18	21,439
07/01/18 - 06/30/19	6,220
10/01/17 - 09/30/18	482
10/01/17 - 09/30/18	<u>12,826</u>
	108,876
07/01/17 - 12/31/18	58,820
07/01/16 - 12/31/18	<u>86,391</u>
	145,211
10/01/17 - 09/30/18	4,200
10/01/17 - 09/30/18	9,220
10/01/17 - 09/30/18	13,608
10/01/17 - 09/30/18	1,420
07/01/17 - 06/30/18	<u>1,500</u>
	29,948

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Indirect Programs - Continued		
Passed through Iowa Department of Human Services		
Iowa Child Abuse Prevention Program	93.556	ACFS-16-105
Iowa Child Abuse Prevention Program	93.556	ACFS-19-093
Promoting Safe and Stable Families	93.556	CPPC-18-01
Promoting Safe and Stable Families	93.556	CPPC-19-01
 Community for Adolescent Pregnancy Prevention	 93.558	 ACFS-14-187
Community for Adolescent Pregnancy Prevention	93.558	ACFS-14-187
Iowa Child Abuse Prevention Program	93.558	ACFS-16-105
Iowa Child Abuse Prevention Program	93.558	ACFS-19-093
 Iowa Child Abuse Prevention Program	 93.669	 ACFS-16-105
Iowa Child Abuse Prevention Program	93.669	ACFS-19-093
 <i>Total U.S. Department of Health and Human Services</i>		
U.S. Department of Energy		
Indirect Programs		
Passed through Iowa Department of Human Rights		
Weatherization Assistance	81.042	DOE 18-01
 <i>Total U.S. Department of Energy</i>		
U.S. Department of Agriculture		
Indirect Programs		
Passed through Iowa Department of Public Health		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5888 A033
Breastfeeding Peer Counseling through WIC	10.557	5888 A033
 Passed through Iowa Department of Education		
Child and Adult Care Food Program (Day Care Homes)	10.558	14-8015
Child and Adult Care Food Program (Head Start)	10.558	09998616
 Summer Food Service Program	10.559	09998616

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
07/01/17 - 06/30/18	\$ 3,934
07/01/18 - 06/30/19	956
07/01/17 - 06/30/18	740
07/01/18 - 06/30/19	<u>1,753</u>
	7,383
07/01/17 - 06/30/18	62,338
07/01/18 - 06/30/19	15,391
07/01/17 - 06/30/18	673
07/01/18 - 06/30/19	<u>163</u>
	78,565
07/01/17 - 06/30/18	27
07/01/18 - 06/30/19	<u>7</u>
	<u>34</u>
	5,315,926
04/01/18 - 03/31/19	<u>186,354</u>
	186,354
10/01/17 - 09/30/18	267,165
10/01/17 - 09/30/18	<u>35,255</u>
	302,420
10/01/17 - 09/30/18	312,912
10/01/17 - 09/30/18	<u>105,649</u>
	418,561
10/01/17 - 09/30/18	6,108

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Agriculture		
Indirect Programs - Continued		
Passed through Iowa Department of Agriculture & Land Stewardship		
Farmers Market	10.572	3IA810850
Farmers Market	10.572	3IA810850
 <i>Total U.S. Department of Agriculture</i>		
U.S. Department of Justice:		
Indirect Program		
Passed through Iowa Coalition Against Domestic Violence		
Rural Domestic Violence and Child Victimization Enforcement Grant		
Iowa Coalition Against Domestic Violence	16.589	ISP
 <i>Total U.S. Department of Justice:</i>		
Corporation for National and Community Service:		
Indirect Program		
Passed through Iowa Economic Development Authority		
Iowa Economic Development Authority Project Grant	94.003	IEDA
 <i>Total Corporation for National and Community Service</i>		
Total Expenditures of Federal Awards		
 <i>Total Direct Programs</i>		
<i>Total Indirect Programs</i>		

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
05/01/15 - 12/31/18	\$ 405
05/01/18 - 12/31/21	<u>235</u>
	<u>640</u>
	727,729
04/01/15 - 03/31/18	<u>3,264</u>
	3,264
07/20/17 - 06/30/18	<u>700</u>
	<u>700</u>
	<u>\$ 6,233,973</u>
	\$ 2,446,941
	\$ 3,787,032

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2018

NOTE A - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of New Opportunities, Inc. under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of New Opportunities, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of New Opportunities, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - SUBRECIPIENTS

No federal grant awards were passed through to subrecipients during the year ended September 30, 2018.

NOTE D - INDIRECT COST RATE

New Opportunities, Inc. has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. It has a federal approved rate from the Department of Health and Human Services.

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Community Services Block Grants
Year Ended September 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number CSBG 17-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 180,951	\$ 180,951	\$ --
Program Expenditures:			
Personnel	\$ 66,271	\$ 64,425	\$ 1,846
Travel	5,525	3,696	1,829
Space Costs	4,540	4,055	485
Equipment	2,405	653	1,752
Co-Funded Programs	80,093	86,585	(6,492)
Other Costs	11,075	10,778	297
Indirect Costs	11,042	10,759	283
Total Expenditures	\$ 180,951	\$ 180,951	\$ --
<u>Contract Number CSBG 18-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 243,257	\$ 66,234	\$ 177,023
Program Expenditures:			
Personnel	\$ 78,900	\$ 10,626	\$ 68,274
Travel	6,000	678	5,322
Space Costs	5,100	364	4,736
Equipment	2,000	12	1,988
Co-Funded Programs	125,000	52,300	72,700
Other Costs	13,057	479	12,578
Indirect Costs	13,200	1,775	11,425
Total Expenditures	\$ 243,257	\$ 66,234	\$ 177,023

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Low-Income Home Energy Assistance Program
 Year Ended September 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number LIHEAP 18-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 1,835,656	\$ 1,791,523	\$ 44,133
Program Expenditures:			
Regular Assistance	\$ 1,382,869	\$ 1,338,736	\$ 44,133
Energy Crisis Intervention Payments	107,353	107,353	--
Client Services	21,623	21,623	--
Summer Deliverable Fuel Program	150,683	150,683	--
Administration Costs	173,128	173,128	--
Total Expenditures	\$ 1,835,656	\$ 1,791,523	\$ 44,133

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number HEAP 17-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 207,476	\$ 103,025	\$ 104,451
 Program Expenditures:			
Administration Costs	\$ 21,564	\$ 7,000	\$ 14,564
Weatherization Materials	57,616	11,410	46,206
Support Costs	66,400	25,749	40,651
Labor	41,893	28,090	13,803
Health and Safety	(1,650)	29,426	(31,076)
Equipment and Training	21,653	1,350	20,303
 Total Expenditures	\$ 207,476	\$ 103,025	\$ 104,451
 <u>Contract Number HEAP 18-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 445,266	\$ 92,511	\$ 352,755
 Program Expenditures:			
Administration Costs	\$ 20,205	\$ 2,170	\$ 18,035
Weatherization Materials	83,903	10,234	73,669
Support Costs	126,710	16,736	109,974
Labor	83,903	19,220	64,683
Health and Safety	98,171	29,596	68,575
Equipment and Training	30,000	12,181	17,819
Pollution Occurrence Insurance	2,374	2,374	--
 Total Expenditures	\$ 445,266	\$ 92,511	\$ 352,755

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Weatherization Assistance Programs
 Year Ended September 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number DOE 18-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 186,354	\$ 186,354	\$ --
Program Expenditures:			
Administration Costs	\$ 22,379	\$ 22,379	\$ --
Weatherization Materials	44,397	15,206	29,191
Support Costs	42,511	76,719	(34,208)
Labor	44,397	33,345	11,052
Health and Safety	32,670	38,705	(6,035)
Total Expenditures	\$ 186,354	\$ 186,354	\$ --

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number BHE 17-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 24,974	\$ 24,974	\$ --
Program Expenditures:			
Administration Costs	\$ 1,701	\$ 1,701	\$ --
Support Costs	2,407	2,407	--
Labor	9,056	11,673	(2,617)
Weatherization Materials	11,810	9,193	2,617
Total Expenditures	\$ 24,974	\$ 24,974	\$ --
<u>Contract Number BHE 18-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 36,193	\$ 19,438	\$ 16,755
Program Expenditures:			
Administrative Costs	\$ 1,810	\$ 835	\$ 975
Support Costs	3,619	1,993	1,626
Labor	15,382	8,674	6,708
Weatherization Materials	15,382	7,936	7,446
Total Expenditures	\$ 36,193	\$ 19,438	\$ 16,755

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Weatherization Assistance Programs
 Year Ended September 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number IPL 17-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 59,427	\$ 59,427	\$ --
Program Expenditures:			
Administration Costs	\$ 3,844	\$ 3,844	\$ --
Support Costs	5,770	5,770	--
Labor	20,949	27,718	(6,769)
Weatherization Materials	28,864	22,095	6,769
Total Expenditures	\$ 59,427	\$ 59,427	\$ --
<u>Contract Number IPL 18-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 104,057	\$ 88,838	\$ 15,219
Program Expenditures:			
Administrative Costs	\$ 5,203	\$ 4,200	\$ 1,003
Support Costs	10,406	9,068	1,338
Labor	44,224	42,678	1,546
Weatherization Materials	44,224	32,892	11,332
Total Expenditures	\$ 104,057	\$ 88,838	\$ 15,219

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number MEC 17-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 24,414	\$ 24,414	\$ --
Program Expenditures:			
Administration Costs	\$ 1,444	\$ 1,444	\$ --
Support Costs	2,218	2,218	--
Labor	8,690	10,682	(1,992)
Weatherization Materials	12,062	10,070	1,992
Total Expenditures	\$ 24,414	\$ 24,414	\$ --
<u>Contract Number MEC 18-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 127,461	\$ 58,540	\$ 68,921
Program Expenditures:			
Administrative Costs	\$ 6,373	\$ 2,485	\$ 3,888
Support Costs	12,746	6,006	6,740
Labor	54,171	29,914	24,257
Weatherization Materials	54,171	20,135	34,036
Total Expenditures	\$ 127,461	\$ 58,540	\$ 68,921

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures
Administrative Fund
Year Ended September 30, 2018

	<u>Miscellaneous</u>	<u>Indirect Cost Pool</u>	<u>Total</u>
Revenues:			
Investment Income	\$ 15,411	\$ --	\$ 15,411
Rental Income	116,133	--	116,133
Miscellaneous	<u>11,250</u>	<u>--</u>	<u>11,250</u>
Total Revenues	<u>\$ 142,794</u>	<u>\$ --</u>	<u>\$ 142,794</u>
Expenditures:			
Salaries and Wages	\$ --	\$ 369,529	\$ 369,529
Fringe Benefits	--	124,660	124,660
Professional Fees and Contracted Services	2,652	29,093	31,745
Travel	106	6,395	6,501
Occupancy	3,350	22,868	26,218
Communication Costs	356	5,497	5,853
Program and Office Supplies	495	25,106	25,601
Equipment, Property and Maintenance	6	14,272	14,278
Insurance	187	4,464	4,651
Interest Expense	62,837	--	62,837
Amortization	1,924	--	1,924
Miscellaneous	<u>8,090</u>	<u>3,048</u>	<u>11,138</u>
Total Expenditures Before Allocation of Indirect Costs	80,003	604,932	684,935
Allocation of Indirect Costs	<u>--</u>	<u>(604,941)</u>	<u>(604,941)</u>
Total Expenditures, Net	<u>\$ 80,003</u>	<u>\$ (9)</u>	<u>\$ 79,994</u>

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Opportunities, Inc. (an Iowa Non-Profit Corporation), which comprise the statement of financial position as of September 30, 2018 and the related statements of activities and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated January 28, 2019.

Internal Control Over Financial Reporting

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

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

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

To the Board of Directors of
New Opportunities, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Opportunities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Diamond, Bell, Hughes & Co. P.C.

Atlantic, Iowa
January 28, 2019

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

Report on Compliance for Each Major Federal Program

We have audited New Opportunities, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the Agency's major federal program for the year ended September 30, 2018. The Agency's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Agency's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency'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 the major federal program. However, our audit does not provide a legal determination on the Agency's compliance.

Opinion on The Major Federal Program

In our opinion, New Opportunities, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

To the Board of Directors of
New Opportunities, Inc.

Report on Internal Control Over Compliance

Management of New Opportunities, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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

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

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

Dennis, Bell, Thyer & Co. P.C.

Atlantic, Iowa
January 28, 2019

NEW OPPORTUNITIES, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2018

PART I: Summary of the Independent Auditor's Results

Financial Statements

- (a) Type of auditor's report issued:
- Unmodified.
- (b) Internal control over financial reporting:
- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (c) Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

- (d) Internal control over major programs:
- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (e) Type of auditor's report issued on compliance for major program:
- Unmodified.
- (f) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.515? ☐ yes ☒ no
- (g) Identification of major program:
- CFDA Number 93.600 - Head Start/Early Head Start Program
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
- (i) Auditee qualified as low-risk auditee? ☒ yes ☐ no

NEW OPPORTUNITIES, INC.
Schedule of Findings and Questioned Costs
Year ended September 30, 2018

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

INSTANCES OF NON- COMPLIANCE:

No matters were reported.

Part IV: Summary Schedule of Prior Audit Findings:

None

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