

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, 2019

# NEW OPPORTUNITIES, INC.

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NEW OPPORTUNITIES, INC.

BOARD OF DIRECTORS

Executive Board of Directors

Eugene Meiners	President
Carl Legore	Vice President
Terry Striegel	Secretary
Teresa Mobley	Treasurer

Board Members

<u>County</u>	<u>Representing</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	Jerome Kuster	Denis James	Carolyn Masters
Sac	Brent Willhelm	Cindy Wallace	Terry Striegel

Agency Officials

Chad Jensen	Chief Executive Officer
Sheri Mertz	Chief Financial Officer

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

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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, 2019 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, 2019, 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, 2018 (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 February 13, 2020 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.

*Amenworth, Bill, Rhymer - Co. P.C.*

Atlantic, Iowa  
February 13, 2020

NEW OPPORTUNITIES, INC.  
Statement of Financial Position  
All Funds  
September 30, 2019

ASSETS	Administrative Fund	Program Funds	Plant Fund	Total
Cash	\$ 226,201	\$ 482,772	\$ --	\$ 708,973
Investments	23,542	--	--	23,542
Receivables:				
Grantor agencies	--	849,648	--	849,648
Other sources	49	38,672	--	38,721
Inventory	11,568	--	--	11,568
Deferred financing costs	26,869	--	--	26,869
Property and equipment at cost, less accumulated depreciation of \$1,410,768	--	--	2,056,337	2,056,337
<b>Total Assets</b>	<b>\$ 288,229</b>	<b>\$ 1,371,092</b>	<b>\$ 2,056,337</b>	<b>\$ 3,715,658</b>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>				
Liabilities				
Payables:				
Accounts	\$ 17,722	\$ 187,688	\$ --	\$ 205,410
Salaries and benefits	43,346	311,951	--	355,297
State advance	--	32,087	--	32,087
Advances from grantors	--	315,765	--	315,765
Revenue bond	866,558	--	--	866,558
<b>Total Liabilities</b>	<b>927,626</b>	<b>847,491</b>	<b>--</b>	<b>1,775,117</b>
Net Assets (Deficit)				
Without donor restrictions	( 639,397)	--	1,479,785	840,388
With donor restrictions	--	523,601	576,552	1,100,153
<b>Total Net Assets (Deficit)</b>	<b>( 639,397)</b>	<b>523,601</b>	<b>2,056,337</b>	<b>1,940,541</b>
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ 288,229</b>	<b>\$ 1,371,092</b>	<b>\$ 2,056,337</b>	<b>\$ 3,715,658</b>

See notes to financial statements.

NEW OPPORTUNITIES, INC.  
Statement of Activities  
All Funds  
Year Ended September 30, 2019

	Administrative Fund	Program Funds	Plant Fund	Total
Revenues:				
Governmental Funding Sources:				
Iowa Department of Human Rights	\$ --	\$ 2,915,563	\$ --	\$ 2,915,563
U.S. Department of Health and Human Services	--	2,790,387	--	2,790,387
Iowa Department of Public Health	--	1,210,671	--	1,210,671
Iowa Department of Education	--	568,458	--	568,458
Iowa Department of Human Services	--	106,612	--	106,612
Various	--	83,878	--	83,878
In-Kind Contributions	--	653,708	--	653,708
Public Support and Contributions	10,866	482,055	--	492,921
Co-Funding	--	129,920	--	129,920
Investment Income	20,959	--	--	20,959
Rental Income	116,133	--	--	116,133
Investment in Plant	--	--	43,454	43,454
Miscellaneous	10,800	393,996	--	404,796
<b>Total Revenues</b>	<b>158,758</b>	<b>9,335,248</b>	<b>43,454</b>	<b>9,537,460</b>
Expenses:				
Head Start	--	3,444,095	--	3,444,095
Child and Adult Care Food Program (CACFP)	--	561,682	--	561,682
Community Services Block Grant (CSBG)	--	239,182	--	239,182
Family Development Centers (FDC)/Outreach	--	462,303	--	462,303
Women, Infants and Children (WIC)	--	310,943	--	310,943
Maternal and Child Health	--	243,706	--	243,706
1 <sup>st</sup> Five	--	84,082	--	84,082
Low-Income Home Energy Assistance Program (LIHEAP)	--	1,868,428	--	1,868,428
Weatherization Assistance	--	807,953	--	807,953
Substance Abuse Programs	--	1,109,859	--	1,109,859
Other Programs	--	245,378	--	245,378
Administration	66,712	--	--	66,712
Depreciation	--	--	179,287	179,287
<b>Total Expenses</b>	<b>66,712</b>	<b>9,377,611</b>	<b>179,287</b>	<b>9,623,610</b>
Excess of Revenues Over Expenses (Expenses Over Revenues)	92,046	( 42,363)	( 135,833)	( 86,150)
Change in Unrealized Gains and Losses on Investments, Other Than Trading Securities	( 597)	--	--	( 597)
<b>Change in Net Assets</b>	<b>\$ 91,449</b>	<b>\$( 42,363)</b>	<b>\$( 135,833)</b>	<b>\$( 86,747)</b>

See notes to financial statements.

NEW OPPORTUNITIES, INC.  
Statement of Changes in Net Assets  
All Funds  
Year Ended September 30, 2019

	<u>Administrative Fund</u>	<u>Program Funds</u>	<u>Plant Fund</u>	<u>Total</u>
Net Assets (Deficit) at Beginning of Year	\$( 730,846)	\$ 565,964	\$ 2,192,170	\$ 2,027,288
Excess of Revenues Over Expenses (Expenses Over Revenues)	92,046	( 42,363)	( 135,833)	( 86,150)
Change in Unrealized Gains and Losses on Investments, Other Than Trading Securities	<u>( 597)</u>	<u>--</u>	<u>--</u>	<u>( 597)</u>
Net Assets (Deficit) at End of Year	<u><u>\$( 639,397)</u></u>	<u><u>\$ 523,601</u></u>	<u><u>\$ 2,056,337</u></u>	<u><u>\$ 1,940,541</u></u>

See notes to financial statements.



NEW OPPORTUNITIES, INC.  
Statement of Functional Expenses  
Year Ended September 30, 2019

	Management and General	Program Services	Total
Salaries and wages	\$ 376,868	\$ 2,718,396	\$ 3,095,264
Fringe benefits	122,459	933,524	1,055,983
Assistance to individuals	--	2,889,592	2,889,592
Professional fees and contracted services	28,820	320,415	349,235
Travel	10,156	139,841	149,997
Occupancy	28,237	326,815	355,052
Communication costs	4,549	62,419	66,968
Program and office supplies	24,565	303,669	328,234
Equipment, property and maintenance	5,710	121,369	127,079
Insurance	3,975	35,018	38,993
Interest expense	58,681	--	58,681
Amortization	2,053	--	2,053
Miscellaneous	10,509	133,055	143,564
Co-funding	--	129,920	129,920
In-kind expenses	--	653,708	653,708
Depreciation	<u>116,529</u>	<u>62,758</u>	<u>179,287</u>
Total Expenses Before Allocation of Indirect Costs	793,111	8,830,499	9,623,610
Allocation of indirect costs	<u>( 609,870)</u>	<u>609,870</u>	<u>--</u>
Total Expenses	<u>\$ 183,241</u>	<u>\$ 9,440,369</u>	<u>\$ 9,623,610</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.  
Statement of Cash Flows  
Year Ended September 30, 2019

Cash flows from operating activities:	
Cash received from State Agencies	\$ 4,345,059
Cash received from Federal Grantors	2,681,476
Contributions received	492,921
Investment income	20,959
Other receipts	536,655
Cash paid to employees and suppliers	( 8,338,524)
Interest paid	( 58,681)
Net cash used in operating activities	( 320,135)
Cash flows from investing activities:	
Payments to acquire property and equipment	( 43,454)
Cash flows from financing activities:	
Principal paid on revenue bond	( 66,215)
Net decrease in cash	( 429,804)
Cash and cash equivalents at beginning of year	1,138,777
Cash and cash equivalents at end of year	<u>\$ 708,973</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2019

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, while also providing select services in Adair, Crawford, Madison, Pocahontas and Warren counties. 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 79% of its revenues from five governmental funding sources. The Agency has renewed substantially all of these governmental funding sources for fiscal year October 1, 2019 to September 30, 2020.

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, 2019

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:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets 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 net assets without donor restrictions 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 net assets without donor restrictions 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.

NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2019, balances of interfund amounts receivable or payable have been recorded.

Prepaid Expenses - Prepaid expenses consist of the unexpired portion of insurance premiums for Agency auto, liability, property damage, and worker's compensation coverage. There were no prepaid expenses at September 30, 2019.

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, 2019.

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, 2019.

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, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. These statements report certain categories of expenses that are attributable to both program or supporting functions of the Agency. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage for space and utility costs and time and effort for personnel expenses and other costs.

H. 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.

I. 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 16.9% for fiscal years October 1, 2018 to September 30, 2021. The Agency used a 16.7% Indirect Cost Rate for the fiscal year ending September 30, 2019. 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, 2019

NOTE 3 - DEPOSITS AND INVESTMENTS

The Agency's deposits at September 30, 2019 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>23,542</u>
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All equity securities are classified as available for sale. None of the \$23,542 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, 2019:

Investment Income:	
Interest and dividend income	\$ <u>20,959</u>

Other Changes in Investments:	
Change in unrealized gains and (losses) on available for sale securities	\$( <u>597</u> )

NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2019

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, 2019.

*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, 2019:

<u>September 30, 2019</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>\$ 23,542</u>	<u>\$ 23,542</u>

NOTE 5 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of September 30, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital costs not financed with debt, were as follows:

Financial assets:

Cash and cash equivalents	\$ 708,973
Investments	23,542
Receivables from grantor agencies and other sources	888,369
Working capital investments in inventory	11,568
Less grant funds received in advance	<u>( 347,852)</u>

Total financial assets available within one year \$ 1,284,600

The Agency does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents. Most of the Agency's grant awards reimburse expenditures as they are incurred to meet liquidity needs. The Agency also has a line of credit that could be available for additional cash as described in Note 10.



NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2019

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of property and equipment comprising the plant fund at September 30, 2019, 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	\$ 555,208	\$ 148,913	\$ 174,245	\$ 878,366
Maternal Health/Child Health	--	--	5,643	5,643
Weatherization Assistance	--	75,460	6,405	81,865
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>2,854,249</u>	<u>322,943</u>	<u>289,913</u>	<u>3,467,105</u>
Less Accumulated Depreciation	<u>( 928,125)</u>	<u>( 252,544)</u>	<u>( 230,099)</u>	<u>( 1,410,768)</u>
Net	<u>\$1,926,124</u>	<u>\$ 70,399</u>	<u>\$ 59,814</u>	<u>\$ 2,056,337</u>

The components of the Agency's accumulated depreciation at September 30, 2019 are as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Balance Beginning of Year	\$ 838,443	\$ 223,858	\$ 201,462	\$ 1,263,763
Current Year Depreciation	107,926	36,130	35,231	179,287
Less Disposals	<u>( 18,244)</u>	<u>( 7,444)</u>	<u>( 6,594)</u>	<u>( 32,282)</u>
Balance End of Year	<u>\$ 928,125</u>	<u>\$ 252,544</u>	<u>\$ 230,099</u>	<u>\$ 1,410,768</u>

NOTE 7 - REVENUE BOND

The following is a summary of the revenue bond payable and related information at September 30, 2019:

Revenue bond payable	<u>\$ 866,558</u>
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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, 2019

NOTE 7 - 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>
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	91,564	33,332	124,896
2025-2029	<u>462,715</u>	<u>68,097</u>	<u>530,812</u>
	<u>\$ 866,558</u>	<u>\$ 288,734</u>	<u>\$ 1,155,292</u>

NOTE 8 - 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 February, 2024.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2019 are as follows:

<u>Year Ending September 30,</u>	
2020	\$ 26,082
2021	26,427
2022	26,116
2023	24,065
2024	<u>9,835</u>
Total minimum future rental payments	<u>\$ 112,525</u>

Rental expense under all non-cancelable operating leases for the year ended September 30, 2019 totaled approximately \$25,300.

NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2019

NOTE 9 - 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](http://www.ipers.org).

Plan members are required to contribute 6.29% of their annual salary and the Agency is required to contribute 9.44% of annual covered payroll. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the year ended September 30, 2019 was approximately \$279,200, equal to the required contribution for the year, while the employees contributed approximately \$186,000.

NOTE 10 - 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 (6.50% at September 30, 2019) and there was no amount borrowed on the line at September 30, 2019. The agreement expires in April, 2020.

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 February 13, 2020, the date the financial statements were available to be issued.

NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2019

NOTE 11 - CHANGE IN ACCOUNTING POLICY

As of October 1, 2018, the Agency adopted the provisions of Accounting Standards Update (ASU) No. 2016-14 - Not for Profit Entities (Topic 958): *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions). The ASU also introduces new disclosures to improve a financial statement user's ability to assess the Agency's liquidity and exposure to risk. In addition, the ASU introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses. The adoption of the standard is not considered to have a material effect on the financial statements of the Agency.

\* \* \*

## SUPPLEMENTARY INFORMATION

NEW OPPORTUNITIES, INC.  
Schedule of Activities - Program Funds  
Year Ended September 30, 2019

	<u>Head Start &amp; Early Head Start</u>	<u>CACFP - Head Start</u>
Revenues:		
Governmental Funding Sources:		
Iowa Department of Human Rights	\$ --	\$ --
U.S. Department of Health and Human Services	2,790,387	--
Iowa Department of Public Health	--	--
Iowa Department of Education	--	105,665
Iowa Department of Human Services	--	--
Various	--	--
In-Kind Contributions	653,708	--
Public Support and Contributions	--	--
Co-funding	--	--
Miscellaneous	--	--
	<hr/>	<hr/>
Total Revenues	3,444,095	105,665
Expenses:		
Salaries and wages	1,327,691	--
Fringe benefits	447,846	--
Assistance to individuals	33,898	105,665
Professional fees and contracted services	243,421	--
Travel	36,923	--
Occupancy	159,055	--
Communication costs	20,431	--
Program and office supplies	101,572	--
Equipment, property and maintenance	75,645	--
Insurance	16,280	--
Miscellaneous	31,111	--
Co-Funding	--	--
In-Kind expenses	653,708	--
	<hr/>	<hr/>
Total Expenses Before Allocation of Indirect Costs	3,147,581	105,665
Allocation of Indirect Costs	<hr/> 296,514	<hr/> --
Total Expenses	<hr/> 3,444,095	<hr/> 105,665
Change in Net Assets	--	--
Net Assets (Deficit) at Beginning of Year	<hr/> --	<hr/> --
Net Assets (Deficit) at End of Year	<u>\$ --</u>	<u>\$ --</u>

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<u>CACFP - Homes</u>	<u>CSBG</u>	<u>FDC Outreach</u>	<u>WIC</u>
\$ --	\$ 239,182	\$ --	\$ --
--	--	--	--
--	--	--	309,619
456,017	--	6,616	--
--	--	--	--
--	--	55,926	392
--	--	--	--
--	--	302,852	--
--	--	85,871	474
--	--	11,739	458
456,017	239,182	463,004	310,943
45,736	58,279	152,731	158,457
13,543	15,289	62,830	49,139
370,670	--	82,440	11,029
3,813	1,695	3,210	5,925
6,309	5,227	18,174	3,463
1,861	3,771	34,120	16,627
1,095	1,434	7,831	4,478
2,012	3,619	33,160	11,999
180	1,789	900	1,821
167	856	2,698	1,793
731	5,017	28,211	11,544
--	129,920	--	--
--	--	--	--
446,117	226,896	426,305	276,275
9,900	12,286	35,998	34,668
456,017	239,182	462,303	310,943
--	--	701	--
--	--	--	--
\$ --	\$ --	\$ 701	\$ --

NEW OPPORTUNITIES, INC.  
Schedule of Activities - Program Funds - Continued  
Year Ended September 30, 2019

	Maternal & Child Health	1 <sup>st</sup> Five
Revenues:		
Governmental Funding Sources:		
Iowa Department of Human Rights	\$ --	\$ --
U.S. Department of Health and Human Services	--	--
Iowa Department of Public Health	130,210	79,962
Iowa Department of Education	--	--
Iowa Department of Human Services	--	--
Various	--	--
In-Kind Contributions	--	--
Public Support and Contributions	7,000	--
Co-funding	641	626
Miscellaneous	105,855	3,494
	<hr/>	<hr/>
Total Revenues	243,706	84,082
Expenses:		
Salaries and wages	126,981	38,103
Fringe benefits	40,937	11,926
Assistance to individuals	--	--
Professional fees and contracted services	11,282	519
Travel	2,540	1,999
Occupancy	9,573	5,248
Communication costs	2,458	1,292
Program and office supplies	12,046	5,621
Equipment, property and maintenance	381	134
Insurance	754	405
Miscellaneous	8,712	10,480
Co-Funding	--	--
In-Kind expenses	--	--
	<hr/>	<hr/>
Total Expenses Before Allocation of Indirect Costs	215,664	75,727
Allocation of Indirect Costs	28,042	8,355
	<hr/>	<hr/>
Total Expenses	243,706	84,082
Change in Net Assets	--	--
Net Assets (Deficit) at Beginning of Year	--	--
Net Assets (Deficit) at End of Year	<u>\$ --</u>	<u>\$ --</u>

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Weatherization Assistance Programs			
LIHEAP	HEAP	Department of Energy	Utility Company
\$ 1,868,428	\$ 329,437	\$ 211,869	\$ 266,647
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
1,868,428	329,437	211,869	266,647
99,981	3,675	--	--
41,655	1,207	--	--
1,672,469	203,641	125,003	230,733
2,260	--	--	--
3,771	2,603	463	--
13,682	--	--	--
4,097	--	--	--
2,724	--	--	--
311	( 50)	--	--
1,065	2,374	--	--
2,760	115,987	86,403	35,914
--	--	--	--
--	--	--	--
1,844,775	329,437	211,869	266,647
23,653	--	--	--
1,868,428	329,437	211,869	266,647
--	--	--	--
--	--	--	--
\$ --	\$ --	\$ --	\$ --

NEW OPPORTUNITIES, INC.  
Schedule of Activities - Program Funds - Continued  
Year Ended September 30, 2019

	<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	315,554	302,641
Iowa Department of Education	--	--
Iowa Department of Human Services	35,183	--
Various	18,470	--
In-Kind Contributions	--	--
Public Support and Contributions	76,854	35,218
Co-funding	( 2,673)	43,439
Miscellaneous	<u>48,964</u>	<u>193,145</u>
Total Revenues	492,352	574,443
Expenses:		
Salaries and wages	221,779	270,090
Fringe benefits	84,979	94,467
Assistance to individuals	--	--
Professional fees and contracted services	19,837	19,986
Travel	36,320	10,911
Occupancy	17,493	33,888
Communication costs	5,998	9,008
Program and office supplies	44,128	51,037
Equipment, property and maintenance	7,360	25,872
Insurance	1,401	2,257
Miscellaneous	7,518	33,420
Co-Funding	--	--
In-Kind expenses	<u>--</u>	<u>--</u>
Total Expenses Before Allocation of Indirect Costs	446,813	550,936
Allocation of Indirect Costs	<u>51,229</u>	<u>60,881</u>
Total Expenses	<u>498,042</u>	<u>611,817</u>
Change in Net Assets	( 5,690)	( 37,374)
Net Assets (Deficit) at Beginning of Year	<u>86,694</u>	<u>731,848</u>
Net Assets (Deficit) at End of Year	<u><u>\$ 81,004</u></u>	<u><u>\$ 694,474</u></u>

See accompanying independent auditor's report.

<u>Other</u>	<u>Eliminations</u>	<u>Total</u>
\$ --	\$ --	\$ 2,915,563
--	--	2,790,387
72,685	--	1,210,671
160	--	568,458
71,429	--	106,612
9,090	--	83,878
--	--	653,708
60,131	--	482,055
1,542	--	129,920
<u>288,324</u>	<u>( 257,983)</u>	<u>393,996</u>
503,361	( 257,983)	9,335,248
214,893	--	2,718,396
69,706	--	933,524
54,044	--	2,889,592
8,467	--	320,415
11,138	--	139,841
31,497	--	326,815
4,297	--	62,419
35,751	--	303,669
7,026	--	121,369
4,968	--	35,018
13,230	( 257,983)	133,055
--	--	129,920
<u>--</u>	<u>--</u>	<u>653,708</u>
455,017	( 257,983)	8,767,741
<u>48,344</u>	<u>--</u>	<u>609,870</u>
<u>503,361</u>	<u>( 257,983)</u>	<u>9,377,611</u>
--	--	( 42,363)
<u>( 252,578)</u>	<u>--</u>	<u>565,964</u>
<u><u>\$ ( 252,578)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 523,601</u></u>

NEW OPPORTUNITIES, INC.  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant or Program Number
U.S. Department of Health and Human Services		
Direct Programs		
Head Start Program	93.600	07CH 010517-01
Head Start Program	93.600	07CH 010517-02
Early Head Start	93.600	07CH 010517-01
Early Head Start	93.600	07CH 010517-02
Early Head Start Expansion	93.600	07HP 000122-01
Indirect Programs		
Passed through Iowa Department of Human Rights		
Low-Income Home Energy Assistance Program	93.568	LIHEAP 19-01
Weatherization Assistance Program	93.568	HEAP 18-01
Weatherization Assistance Program	93.568	HEAP 19-01
Community Services Block Grant	93.569	CSBG 18-01
Community Services Block Grant	93.569	CSBG 19-01
Passed through Iowa Department of Public Health		
Family Planning	93.217	5889 FP04
Family Planning	93.217	5880 FP04
State Sexual Risk Avoidance Education Program	93.235	5889 CH01A
State Sexual Risk Avoidance Education Program	93.235	5880 CH01A
Iowa Partnerships for Success	93.243	5889 IP33
Iowa Partnerships for Success	93.243	5889 IP34
Expansion of School Based Dental Sealant Program	93.366	5889 MH04
Hawk-I	93.767	5889 MH04
I-Smile	93.778	5889 MH04
Iowa Opioid State Targeted Response	93.778	5889 SA34
State Opioid Response in Iowa	93.778	5889 SA94
1 <sup>st</sup> Five HMDI - Implementation Phase	93.778	5889 MH103
1 <sup>st</sup> Five HMDI - Implementation Phase	93.778	5880 MH103
Maternal Health FFS	93.778	5889 MH04
Child Health FFS	93.778	5889 MH04
Substance Use & Problem Gambling Integrated Provider		
Network	93.959	5889 PN05
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	5889 MH04
Maternal Health	93.994	5889 MH04
Child Health	93.994	5889 MH04
Child Dental Health	93.994	5889 MH04

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
12/01/17 - 11/30/18	\$ 517,552
12/01/18 - 11/30/19	1,614,500
12/01/17 - 11/30/18	94,697
12/01/18 - 11/30/19	388,618
03/01/19 - 02/29/20	<u>175,020</u>
	2,790,387
10/01/18 - 09/30/19	1,868,428
01/01/18 - 12/31/18	167,315
01/01/19 - 12/31/19	<u>162,122</u>
	2,197,865
10/01/17 - 09/30/19	177,023
10/01/18 - 12/31/19	<u>62,159</u>
	239,182
09/01/18 - 03/31/19	23,994
04/01/19 - 03/31/20	<u>24,206</u>
	48,200
08/01/18 - 07/31/19	18,029
08/01/19 - 07/31/20	<u>6,455</u>
	24,484
09/30/18 - 09/29/19	74,708
09/30/18 - 09/29/19	<u>76,155</u>
	150,863
10/01/18 - 09/30/19	3,150
10/01/18 - 09/30/19	3,473
10/01/18 - 09/30/19	28,724
05/01/18 - 04/30/19	40,023
01/01/19 - 09/29/19	26,814
07/01/18 - 06/30/19	16,389
07/01/19 - 09/30/20	6,263
10/01/18 - 09/30/19	500
10/01/18 - 09/30/19	<u>11,360</u>
	130,073
01/01/19 - 06/30/20	115,909
07/01/17 - 12/31/18	19,392
07/01/16 - 12/31/18	<u>21,431</u>
	156,732
10/01/18 - 09/30/19	4,200
10/01/18 - 09/30/19	9,560
10/01/18 - 09/30/19	10,978
10/01/18 - 09/30/19	<u>3,545</u>
	28,283

NEW OPPORTUNITIES, INC.  
Schedule of Expenditures of Federal Awards - continued  
Year Ended September 30, 2019

<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		
Promoting Safe and Stable Families	93.556	CPPC-19-01
Iowa Child Abuse Prevention Program	93.556	ACFS-19-093
 Community for Adolescent Pregnancy Prevention	93.558	ACFS-14-187
Community for Adolescent Pregnancy Prevention	93.558	ACFS-20-045
Iowa Child Abuse Prevention Program	93.558	ACFS-19-093
 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 Program	81.042	DOE 18-01
Weatherization Assistance Program	81.042	DOE 19-01
 <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	5889 A033
Breastfeeding Peer Counseling through WIC	10.557	5889 A033
 Passed through Iowa Department of Education		
Child and Adult Care Food Program Training Funds	10.536	MEA 190097
 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>
07/01/18 - 06/30/19	\$ 225
07/01/18 - 06/30/20	<u>4,338</u>
	4,563
07/01/18 - 06/30/19	59,020
07/01/19 - 06/30/21	12,409
07/01/18 - 06/30/20	<u>742</u>
	72,171
07/01/18 - 06/30/20	<u>29</u>
	<u>29</u>
	5,849,455
04/01/18 - 03/31/19	16,566
04/01/19 - 03/31/20	<u>195,303</u>
	<u>211,869</u>
	211,869
10/01/18 - 09/30/19	275,758
10/01/18 - 09/30/19	<u>33,861</u>
	309,619
10/01/18 - 09/30/19	160
10/01/18 - 09/30/19	456,017
10/01/18 - 09/30/19	<u>105,665</u>
	561,682
10/01/18 - 09/30/19	6,616

NEW OPPORTUNITIES, INC.  
Schedule of Expenditures of Federal Awards - continued  
Year Ended September 30, 2019

<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 Commission on Volunteer Service Juvenile Mentoring Program	16.726	190JJDP-03
 <i>Total U.S. Department of Justice</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	\$ 151
05/01/18 - 12/31/21	<u>241</u>
	<u>392</u>
	878,469
03/01/19 - 09/30/21	<u>16,370</u>
	<u>16,370</u>
	<u>\$ 6,956,163</u>
	\$ 2,790,387
	\$ 4,165,776

NEW OPPORTUNITIES, INC.  
Schedule of Expenditures of Federal Awards - continued  
Year Ended September 30, 2019

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, 2019. 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, 2019.

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number CSBG 18-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 177,023	\$ 177,023	\$ --
Program Expenditures:			
Personnel	\$ 68,274	\$ 66,988	\$ 1,286
Travel	5,322	4,822	500
Space Costs	4,736	4,288	448
Equipment	1,988	1,133	855
Co-Funded Programs	72,700	76,679	( 3,979)
Other Costs	12,578	11,926	652
Indirect Costs	11,425	11,187	238
Total Expenditures	\$ 177,023	\$ 177,023	\$ --
<u>Contract Number CSBG 19-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 244,175	\$ 62,159	\$ 182,016
Program Expenditures:			
Personnel	\$ 87,867	\$ 6,580	\$ 81,287
Travel	5,500	405	5,095
Space Costs	5,100	340	4,760
Equipment	2,000	67	1,933
Co-Funded Programs	118,335	53,241	65,094
Other Costs	10,699	427	10,272
Indirect Costs	14,674	1,099	13,575
Total Expenditures	\$ 244,175	\$ 62,159	\$ 182,016

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number LIHEAP 19-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 1,941,507	\$ 1,868,428	\$ 73,079
Program Expenditures:			
Regular Assistance	\$ 1,449,054	\$ 1,375,975	\$ 73,079
Energy Crisis Intervention Payments	144,962	144,962	--
Client Services	21,800	21,800	--
Summer Deliverable Fuel Program	151,532	151,532	--
Administration Costs	174,159	174,159	--
Total Expenditures	\$ 1,941,507	\$ 1,868,428	\$ 73,079

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.  
Schedule of Revenues and Expenditures Compared to Budget  
Weatherization Assistance Programs  
Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number HEAP 18-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 352,755	\$ 167,315	\$ 185,440
Program Expenditures:			
Administration Costs	\$ 18,035	\$ --	\$ 18,035
Weatherization Materials	73,669	9,684	63,985
Support Costs	109,974	63,428	46,546
Labor	64,683	33,148	31,535
Health and Safety	68,575	60,814	7,761
Equipment and Training	17,819	241	17,578
Pollution Occurrence Insurance	--	--	--
Total Expenditures	<u>\$ 352,755</u>	<u>\$ 167,315</u>	<u>\$ 185,440</u>
<u>Contract Number HEAP 19-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 531,871	\$ 162,122	\$ 369,749
Program Expenditures:			
Administration Costs	\$ 25,905	\$ 5,929	\$ 19,976
Weatherization Materials	115,992	13,852	102,140
Support Costs	124,277	46,154	78,123
Labor	115,992	23,695	92,297
Health and Safety	118,754	62,450	56,304
Equipment and Training	28,577	7,668	20,909
Pollution Occurrence Insurance	2,374	2,374	--
Total Expenditures	<u>\$ 531,871</u>	<u>\$ 162,122</u>	<u>\$ 369,749</u>

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.  
Schedule of Revenues and Expenditures Compared to Budget  
Weatherization Assistance Programs  
Year Ended September 30, 2019

	<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	\$ 16,566	\$ 16,566	\$ --
Program Expenditures:			
Administration Costs	\$ 872	\$ 872	\$ --
Weatherization Materials	33,189	2,943	30,246
Support Costs	( 30,140)	--	( 30,140)
Labor	15,050	7,991	7,059
Health and Safety	( 2,405)	4,760	( 7,165)
Total Expenditures	<u>\$ 16,566</u>	<u>\$ 16,566</u>	<u>\$ --</u>
<u>Contract Number DOE 19-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 200,230	\$ 195,303	\$ 4,927
Program Expenditures:			
Administration Costs	\$ 23,499	\$ 23,499	\$ --
Weatherization Materials	45,714	23,764	21,950
Support Costs	43,873	59,922	( 16,049)
Labor	45,714	49,846	( 4,132)
Health and Safety	33,930	35,700	( 1,770)
T & TA	7,500	2,572	4,928
Total Expenditures	<u>\$ 200,230</u>	<u>\$ 195,303</u>	<u>\$ 4,927</u>

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.  
Schedule of Revenues and Expenditures Compared to Budget  
Weatherization Assistance Programs  
Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number BHE 18-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 16,755	\$ 16,755	\$ --
Program Expenditures:			
Administration Costs	\$ 975	\$ 975	\$ --
Support Costs	1,626	1,626	--
Labor	6,708	8,021	( 1,313)
Weatherization Materials	7,446	6,133	1,313
Total Expenditures	\$ 16,755	\$ 16,755	\$ --
<u>Contract Number BHE CO-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 6,110	\$ 6,110	\$ --
Program Expenditures:			
Administrative Costs	\$ 305	\$ 305	\$ --
Support Costs	611	188	423
Labor	2,597	3,085	( 488)
Weatherization Materials	2,597	2,532	65
Total Expenditures	\$ 6,110	\$ 6,110	\$ --
<u>Contract Number BHE 19-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 8,857	\$ 8,857	\$ --
Program Expenditures:			
Administrative Costs	\$ 385	\$ 385	\$ --
Support Costs	770	770	--
Labor	3,851	4,198	( 347)
Weatherization Materials	3,851	3,504	347
Total Expenditures	\$ 8,857	\$ 8,857	\$ --

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.  
Schedule of Revenues and Expenditures Compared to Budget  
Weatherization Assistance Programs  
Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number IPL 18-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 15,219	\$ 15,219	\$ --
Program Expenditures:			
Administration Costs	\$ 1,003	\$ 1,003	\$ --
Support Costs	1,338	1,338	--
Labor	1,546	6,878	( 5,332)
Weatherization Materials	11,332	6,000	5,332
Total Expenditures	\$ 15,219	\$ 15,219	\$ --
<u>Contract Number IPL CO-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 45,447	\$ 18,361	\$ 27,086
Program Expenditures:			
Administrative Costs	\$ 2,272	\$ 2,272	\$ --
Support Costs	4,545	470	4,075
Labor	19,315	9,331	9,984
Weatherization Materials	19,315	6,288	13,027
Total Expenditures	\$ 45,447	\$ 18,361	\$ 27,086
<u>Contract Number IPL 19-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 64,843	\$ 64,558	\$ 285
Program Expenditures:			
Administration Costs	\$ 2,819	\$ 2,807	\$ 12
Support Costs	5,638	5,614	24
Labor	28,193	34,562	( 6,369)
Weatherization Materials	28,193	21,575	6,618
Total Expenditures	\$ 64,843	\$ 64,558	\$ 285

See accompanying independent auditor's report.



NEW OPPORTUNITIES, INC.  
Schedule of Revenues and Expenditures Compared to Budget  
Weatherization Assistance Programs  
Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number MEC 18-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 68,921	\$ 68,921	\$ --
Program Expenditures:			
Administration Costs	\$ 3,888	\$ 3,888	\$ --
Support Costs	6,740	6,740	--
Labor	24,257	33,757	( 9,500)
Weatherization Materials	34,036	24,536	9,500
Total Expenditures	\$ 68,921	\$ 68,921	\$ --
<u>Contract Number MEC CO-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 16,112	\$ 16,112	\$ --
Program Expenditures:			
Administrative Costs	\$ 805	\$ 805	\$ --
Support Costs	1,611	--	1,611
Labor	6,848	9,152	( 2,304)
Weatherization Materials	6,848	6,155	693
Total Expenditures	\$ 16,112	\$ 16,112	\$ --
<u>Contract Number MEC 19-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 51,754	\$ 51,754	\$ --
Program Expenditures:			
Administrative Costs	\$ 2,243	\$ 2,243	\$ --
Support Costs	4,485	4,485	--
Labor	22,513	27,145	( 4,632)
Weatherization Materials	22,513	17,881	4,632
Total Expenditures	\$ 51,754	\$ 51,754	\$ --

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.  
Schedule of Revenues and Expenditures  
Administrative Fund  
Year Ended September 30, 2019

	<u>Miscellaneous</u>	<u>Indirect Cost Pool</u>	<u>Total</u>
Revenues:			
Public Support and Contributions	\$ 10,866	\$ --	\$ 10,866
Investment Income	20,959	--	20,959
Rental Income	116,133	--	116,133
Miscellaneous	<u>10,800</u>	<u>--</u>	<u>10,800</u>
Total Revenues	<u>\$ 158,758</u>	<u>\$ --</u>	<u>\$ 158,758</u>
Expenditures:			
Salaries and Wages	\$ --	\$ 376,868	\$ 376,868
Fringe Benefits	--	122,459	122,459
Professional Fees and Contracted Services	259	28,561	28,820
Travel	--	10,156	10,156
Occupancy	3,620	24,617	28,237
Communication Costs	294	4,255	4,549
Program and Office Supplies	420	24,145	24,565
Equipment, Property and Maintenance	62	5,648	5,710
Insurance	198	3,777	3,975
Interest Expense	58,681	--	58,681
Amortization	2,053	--	2,053
Miscellaneous	<u>4,464</u>	<u>6,045</u>	<u>10,509</u>
Total Expenditures Before Allocation of Indirect Costs	70,051	606,531	676,582
Allocation of Indirect Costs	<u>--</u>	<u>( 609,870)</u>	<u>( 609,870)</u>
Total Expenditures, Net	<u>\$ 70,051</u>	<u>\$ ( 3,339)</u>	<u>\$ 66,712</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, 2019 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated February 13, 2020.

### 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 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.

*Simenow, Bell, Hyatt & Co. P.C.*

Atlantic, Iowa  
February 13, 2020

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

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DAVID A. GINTHER

## 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, 2019. 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, 2019.

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.

*Stonewall, Bill, Ryan & Co. P.C.*

Atlantic, Iowa  
February 13, 2020

NEW OPPORTUNITIES, INC.  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2019

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        X   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   none reported
- (c) Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

*Federal Awards*

- (d) Internal control over major programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   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   X   no
- (g) Identification of major program:
- CFDA Number 93.568 - Low-Income Home Energy Assistance Program
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
- (i) Auditee qualified as low-risk auditee?   X   yes      \_\_\_\_\_ no



NEW OPPORTUNITIES, INC.  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2019

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

\* \* \*