

**THAMES VALLEY COUNCIL FOR COMMUNITY  
ACTION, INC. AND SUBSIDIARY**

**Consolidated Financial Statements,  
Supplemental Information,  
Independent Auditor's Report, and  
Federal and State Single Audit Reports**

**Years ended March 31, 2017 and 2016**

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**INDEPENDENT  
AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
**Thames Valley Council for Community Action, Inc.**  
Jewett City, Connecticut

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Thames Valley Council for Community Action, Inc. and Subsidiary ("TVCCA", a nonprofit organization), which comprise the consolidated statements of financial position as of March 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### *Management's Responsibility for the Financial Statements*

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

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

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

## ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Thames Valley Council for Community Action, Inc. and Subsidiary as of March 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information contained in Schedules 1, 2 and 3, the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the accompanying schedule of expenditures of state financial assistance, as required by the State Single Audit Act, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2017, on our consideration of TVCCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TVCCA's internal control over financial reporting and compliance.

*Mahoney Sabol + Company, LLP*

Glastonbury, Connecticut  
August 31, 2017

**CONSOLIDATED  
FINANCIAL STATEMENTS**

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**

Consolidated Statements of Financial Position

March 31, 2017 and 2016

<b>ASSETS</b>		
	2017	2016
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,552,287	\$ 4,247,244
Grants and contracts receivable	1,295,459	1,584,612
Other current assets	179,500	299,358
Total current assets	6,027,246	6,131,214
PROPERTY, PLANT AND EQUIPMENT, NET	6,400,637	6,908,172
<b>OTHER ASSETS</b>		
Restricted cash equivalents	104,913	103,578
Total assets	\$ 12,532,796	\$ 13,142,964
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,692,928	\$ 1,834,510
Current portion of long-term debt	224,621	233,253
Deferred grant and contract revenue	367,060	416,072
Total current liabilities	2,284,609	2,483,835
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, less current portion	5,056,943	5,275,272
Total liabilities	7,341,552	7,759,107
<b>NET ASSETS</b>		
Unrestricted	4,438,629	4,639,992
Temporarily restricted	752,615	743,865
Total net assets	5,191,244	5,383,857
Total liabilities and net assets	\$ 12,532,796	\$ 13,142,964

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



**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**

Consolidated Statement of Activities

For the Year Ended March 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Federal and state grants and contracts	\$ 23,688,975	\$ -	\$ 23,688,975
Local and other grants and contributions	658,462	16,215	674,677
Program and other income	1,731,487	-	1,731,487
Noncash contributions	265,838	-	265,838
Debt service paid on behalf of TVCCA by the State of Connecticut	370,048	-	370,048
Net assets released from restrictions	7,465	(7,465)	-
Total support and revenue	<u>26,722,275</u>	<u>8,750</u>	<u>26,731,025</u>
<b>EXPENSES</b>			
Salaries and benefits	14,184,797	-	14,184,797
Client assistance	6,953,715	-	6,953,715
Materials and supplies	1,898,842	-	1,898,842
Occupancy	1,122,836	-	1,122,836
Professional and contractual services	1,077,453	-	1,077,453
Other	613,065	-	613,065
Depreciation and amortization	576,420	-	576,420
Transportation and travel	276,092	-	276,092
Interest	220,418	-	220,418
Total expenses	<u>26,923,638</u>	<u>-</u>	<u>26,923,638</u>
Change in net assets	(201,363)	8,750	(192,613)
NET ASSETS, beginning of year	<u>4,639,992</u>	<u>743,865</u>	<u>5,383,857</u>
NET ASSETS, end of year	<u>\$ 4,438,629</u>	<u>\$ 752,615</u>	<u>\$ 5,191,244</u>

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

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**

Consolidated Statement of Activities

For the Year Ended March 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Federal and state grants and contracts	\$ 22,898,316	\$ -	\$ 22,898,316
Local and other grants and contributions	878,582	14,508	893,090
Program and other income	1,923,798	-	1,923,798
Noncash contributions	318,323	-	318,323
Debt service paid on behalf of TVCCA by the State of Connecticut	348,991	-	348,991
Net assets released from restrictions	4,622	(4,622)	-
Total support and revenue	<u>26,372,632</u>	<u>9,886</u>	<u>26,382,518</u>
<b>EXPENSES</b>			
Salaries and benefits	14,566,762	-	14,566,762
Client assistance	5,214,163	-	5,214,163
Materials and supplies	1,831,971	-	1,831,971
Occupancy	1,442,824	-	1,442,824
Professional and contractual services	1,049,085	-	1,049,085
Other	616,519	-	616,519
Depreciation and amortization	592,691	-	592,691
Transportation and travel	343,414	-	343,414
Interest	241,273	-	241,273
Total expenses	<u>25,898,702</u>	<u>-</u>	<u>25,898,702</u>
Change in net assets from operating activities	473,930	9,886	483,816
<b>NONOPERATING EXPENSES</b>			
Loss on refinancing	318,533	-	318,533
Change in net assets	155,397	9,886	165,283
NET ASSETS, beginning of year	<u>4,484,595</u>	<u>733,979</u>	<u>5,218,574</u>
NET ASSETS, end of year	<u>\$ 4,639,992</u>	<u>\$ 743,865</u>	<u>\$ 5,383,857</u>

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

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**

Consolidated Statements of Cash Flows  
For the Years Ended March 31, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (192,613)	\$ 165,283
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	576,420	592,691
Loss on sale of equipment	40,224	-
Loss from refinancing of debt	-	318,533
(Increase) decrease in operating assets:		
Grant and contracts receivable	289,153	495,967
Other current assets	119,858	(146,125)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(141,582)	(25,594)
Deferred grant and contract revenue	(49,012)	81,689
Net cash provided by operating activities	642,448	1,482,444
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(108,609)	(539,395)
Net cash used in investing activities	(108,609)	(539,395)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayments on long-term debt	(227,461)	(222,469)
Net cash used in financing activities	(227,461)	(222,469)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	306,378	720,580
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	4,350,822	3,630,242
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 4,657,200	\$ 4,350,822
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments for interest	\$ 234,940	\$ 251,852

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

## THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

March 31, 2017 and 2016

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#### NOTE A - SIGNIFICANT ACCOUNTING POLICIES

##### REPORTING ENTITY

Thames Valley Council for Community Action, Inc. (the "Council") was established in 1965 as Southeastern Connecticut's community action agency. The Council provides a wide range of services to disadvantaged and at-risk clients, including Headstart, daycare, energy assistance, senior nutrition, housing and shelter services and various others. Support and revenue consists of federal, state, and local government grants, individual, corporate and foundation contributions, and participant fees received in the operation of certain programs.

The Council's subsidiaries consists of TVCCA Catering to You, LLC, and TVCCA Information Systems, LLC (the "LLCs"). TVCCA Catering to You, LLC, is a limited liability company organized in November 2002, which provides catering services for various programs of the Council and to outside parties. TVCCA Catering to You, LLC ceased operations during the year ended March 31, 2015. TVCCA Information Systems, LLC, is a limited liability company organized in October 2007, which sells its internally developed energy software to other nonprofit organizations.

##### PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Council and the LLCs (collectively "TVCCA"). All significant intercompany balances and transactions have been eliminated.

##### USE OF ESTIMATES

The preparation of consolidated 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 and disclosures in the consolidated financial statements. Actual results could differ from those estimates.

##### NET ASSET CATEGORIES

To ensure observance of limitations and restrictions placed on the use of resources available to TVCCA, the accounts of TVCCA are maintained in the following net asset categories:

###### Unrestricted

Unrestricted net assets represent available resources other than donor restricted contributions. Included in unrestricted net assets are grants and contracts which may be earmarked for specific purposes.

###### Temporarily Restricted

Temporarily restricted net assets represent contributions that are restricted by the donor either as to purpose or as to time of expenditure.

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
Notes to Consolidated Financial Statements *(Continued)*  
March 31, 2017 and 2016

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**RECOGNITION OF SUPPORT AND REVENUE**

**Grants and Contracts**

Grants and contracts are generally considered to be exchange transactions in which the grantor or contractor requires the performance of specified activities.

Entitlement to cost reimbursement grants and contracts is based on the expenditure of funds in accordance with grant restrictions and, therefore, revenue is recognized to the extent of grant expenditures. Entitlement to performance based grants and contracts is based on the attainment of specific performance goals and, therefore, revenue is recognized to the extent of performance achieved. Grant and contract receipts in excess of revenues recognized are presented as deferred grant and contract revenue.

**Contributions**

Contributions are defined as voluntary, nonreciprocal transfers.

Unrestricted and unconditional contributions are recognized as support when received or pledged, if applicable. Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of such assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Contributions received whose use is contingent on the occurrence of a future event are deferred until the condition is substantially met, at which time they are recognized as support.

**Donated Assets**

Donated assets, including the usage of assets such as rent, are recognized at their estimated fair market value.

TVCCA reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be paid to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, TVCCA reports expirations of donor restrictions in full when the donated or acquired long-lived assets are placed in service.

**Donated Services**

TVCCA recognizes donated services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. General volunteer services do not meet the criteria for recognition in the consolidated financial statements. However, a substantial number of volunteers have donated significant amounts of time to TVCCA's programs.

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements *(Continued)*

March 31, 2017 and 2016

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**RECOGNITION OF SUPPORT AND REVENUE *(Continued)***

**Debt Service Paid on Behalf of TVCCA by the State of Connecticut**

As described more fully in Note D, the State of Connecticut Office of Early Childhood (“OEC”) has agreed to pay a percentage of the qualifying debt service required by TVCCA’s mortgage loan agreements executed with the State of Connecticut Health and Educational Facilities Authority (“CHEFA”). TVCCA recognizes revenue for debt service paid on-behalf of TVCCA when the amounts are actually paid by the State of Connecticut.

**CASH EQUIVALENTS**

For purposes of the consolidated statement of cash flows, TVCCA considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, exclusive of restricted cash which is not available for operations. Cash equivalents consisting of money market accounts totaled \$3,486,405 and \$3,229,531 at March 31, 2017 and 2016, respectively.

**RESTRICTED CASH EQUIVALENTS**

Certain amounts have been deposited into escrow accounts under terms of the CHEFA mortgage financing. Such funds are restricted for allowable purposes related to repairs and renovations of CHEFA financed child daycare facilities.

**PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment acquisitions and improvements thereon individually exceeding \$1,000 are capitalized at cost and depreciated on a straight-line basis over estimated service lives ranging from 5 to 30 years. Maintenance and repairs are charged to expense as incurred.

Funding sources retain a reversionary right to certain property acquired with grant funds. No significant grant programs ended during fiscal year 2017 or 2016 that would require disposition of such property in accordance with applicable grant requirements.

**FAIR VALUE MEASUREMENTS**

TVCCA measures and discloses the fair values of assets and liabilities required to be carried at fair value in accordance with authoritative guidance for fair value measurements. Applicable accounting guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard only applies when other standards require or permit the fair value measurement of assets and liabilities.

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements *(Continued)*

March 31, 2017 and 2016

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**INCOME TAXES**

TVCCA qualifies as an organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is exempt from federal and state income taxes on exempt function income. The activities of the LLC are subject to unrelated business income taxes, however, because the LLC had no significant taxable income, no provision for income taxes has been made in the accompanying consolidated financial statements.

Further, there were no significant differences in the reporting of revenues and expenses for financial statement and income tax reporting purposes.

TVCCA recognizes the tax benefit from uncertain tax positions when it is more-likely-than-not the position will be sustained upon examination by the taxing authorities. As of March 31, 2017 and 2016, TVCCA had no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. In the normal course of business, TVCCA's tax filings are subject to examination by the federal and state taxing authorities. TVCCA's informational and tax returns for the last three years generally remain open for examination.

**EXPENSES BY FUNCTION**

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

**OPERATING MEASURE**

TVCCA has defined the change in net assets from operating activities to include all support, revenue, expenses, and gains and losses, and any other gains or losses resulting from unusual or infrequent transactions.

**NOTE B - CONCENTRATIONS**

**CONCENTRATIONS OF CREDIT RISK**

TVCCA's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash equivalents, and grants and contracts receivable.

- Cash and cash equivalents – TVCCA places its cash and cash equivalents with highly rated financial institutions, which are continually reviewed by senior management for financial stability. Generally, TVCCA's cash and cash equivalents in interest bearing accounts exceeds financial depository insurance limits. However, TVCCA has not experienced any losses in such accounts and believes that its cash and cash equivalents are not exposed to significant credit risk.
- Restricted cash equivalents – Restricted cash equivalents with CHEFA are uninsured.
- Grants and contracts receivable – Grants and contracts receivable are supported by contracts with a variety of federal, state and local governments. Based on historical experience, management believes these receivables represent negligible credit risk. Accordingly, management has not established an allowance for potential credit losses.

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements *(Continued)*

March 31, 2017 and 2016

**NOTE B - CONCENTRATIONS *(Continued)***

**SUPPORT AND REVENUE CONCENTRATIONS**

TVCCA receives a significant portion of its grants and contracts from the U.S. Department of Health and Human Services, the State of Connecticut, and certain nonprofit pass-through agencies. As with all governmental funding, these grants and contracts are subject to reduction or termination in future years. Any significant reduction in these grants and contracts could have a negative impact on TVCCA's program services.

**NOTE C – PROPERTY, PLANT AND EQUIPMENT**

A summary of property, plant and equipment is as follows:

	2017	2016
Land, buildings and improvements	\$ 10,668,122	\$ 10,858,571
Vehicles	756,191	767,512
Appliances	444,757	454,010
Computer equipment	501,437	425,610
Telephone equipment	298,762	298,762
Furniture and fixtures	350,295	321,672
Office equipment	36,131	53,238
	13,055,695	13,179,375
Less: accumulated depreciation and amortization	6,655,058	6,271,203
	\$ 6,400,637	\$ 6,908,172

Depreciation and amortization expense for property, plant and equipment totaled \$576,420 and \$587,231 for the years ended March 31, 2017 and 2016, respectively.

**NOTE D - LONG-TERM DEBT**

A summary of long-term debt is as follows:

	2017	2016
CHEFA mortgage notes payable:		
Taftville Facility	\$ 1,820,000	\$ 1,905,000
Windham Facility	635,000	665,000
Vernon Facility	395,000	420,000
New London Facility	2,330,000	2,400,000
Other mortgage notes payable	101,564	118,525
	5,281,564	5,508,525
Less: current portion	224,621	233,253
	\$ 5,056,943	\$ 5,275,272



THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (*Continued*)

March 31, 2017 and 2016

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**NOTE D - LONG-TERM DEBT (*Continued*)**

**CHEFA MORTGAGE NOTES PAYABLE**

**Taftville Facility**

In April 2001, TVCCA entered into a Loan Agreement and Open-End Mortgage (collectively the “Taftville Agreements”) with CHEFA to finance the construction of a qualifying child care facility through CHEFA’s sale of \$3,865,000 Child Care Facilities Series E Revenue Bonds (the “Series E Bonds”). TVCCA’s share of the Series E Bond proceeds totaled \$2,745,000 or 72.3% of total Series E Bond proceeds. Payments by TVCCA are based on interest costs and principal payments on 72.3% of the Series E Bonds, amounts required to establish and maintain trust funds required under the Taftville Agreements, annual fees and certain expenses of CHEFA. TVCCA will also pay the cost of insuring the property and of operation and maintenance. Interest is payable semi-annually at rates ranging from 3.0% to 5.0% with principal payable in various installments through July 2031.

**Windham Facility**

In January 2003 TVCCA entered into a Loan Agreement and Open-End Mortgage (collectively the “Windham Agreements”) with CHEFA in connection with the assumption of CHEFA mortgage financing and acquisition of related real property, consisting of a qualifying child care facility, previously held by an unrelated entity. The qualifying child care facility acquired was constructed through CHEFA’s sale of Child Care Facilities Series A Revenue Bonds (the “Series A Bonds”). Payments by TVCCA are based on interest costs and principal payments on the Series A Bonds, amounts required to establish and maintain trust funds required under the Windham Agreements, annual fees and certain expenses of CHEFA. TVCCA will also pay the cost of insuring the property and of operation and maintenance. Interest is payable semi-annually at rates ranging from 3.0% to 5.0% with principal payable in various installments through July 2028.

**Vernon Facility**

In January 2003 TVCCA entered into a Loan Agreement and Open-End Mortgage (collectively the “Vernon Agreements”) with CHEFA in connection with the assumption of CHEFA mortgage financing and acquisition of related real property, consisting of a qualifying child care facility, previously held by an unrelated entity. The qualifying child care facility acquired was constructed through CHEFA’s sale of Child Care Facilities Series A and B Revenue Bonds (the “Series A and B Bonds”). Payments by TVCCA are based on interest costs and principal payments on the Series A and B Bonds, amounts required to establish and maintain trust funds required under the Vernon Agreements, annual fees and certain expenses of CHEFA. TVCCA will also pay the cost of insuring the property and of operation and maintenance. Interest is payable semi-annually at rates ranging from 3.0% to 5.0% with principal payable in various installments through July 2028.

**New London Facility**

In October 2008, TVCCA entered into a Loan Agreement and Open-End Mortgage (collectively the “New London Agreements”) with CHEFA to finance the construction of a qualifying child care facility through CHEFA’s sale of \$16,875,000 Child Care Facilities Series G Revenue Bonds (the “Series G Bonds”). TVCCA’s share of the Series G Bond proceeds totaled \$2,465,000 or 14.6% of total Series G Bond proceeds. Payments by TVCCA are based on interest costs and principal payments on 14.6% of the Series G Bonds, amounts required to establish and maintain trust funds required under the New London Agreements, annual fees and certain expenses of CHEFA. TVCCA will also pay the cost of insuring the property and of operation and maintenance. Interest is payable semi-annually at rates ranging from 1.5% to 5.0% with principal payable in various installments through July 2038.

THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

March 31, 2017 and 2016

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**NOTE D - LONG-TERM DEBT (Continued)**

**CHEFA MORTGAGE NOTES PAYABLE (Continued)**

**CHEFA Refinancing**

During August 2011, CHEFA refinanced approximately \$32 million of Child Care Facilities Series A through Series E bonds which resulted in the Child Care Facilities series H Revenue Bonds (the "Series H Bonds"). TVCCA's Taftville, Windham, and Vernon child care facilities were refinanced through the Series H Bonds. Payments by TVCCA are based on interest costs and principal payments on the Series H Bonds, amounts required to establish and maintain all three refinanced facilities, annual fees and certain expenses of CHEFA. TVCCA is also responsible for the cost of insuring the properties and of operation and maintenance. The refinanced loans require interest payable in semi-annual payments at rates ranging from 1.0% to 5.0%, with principal payable in various installments throughout the original life of the bonds.

During April 2015, CHEFA refinanced approximately \$2.3 million of Child Care Facilities Series G bonds relating to the New London facility through the issuance of State Supported Child Care Revenue Bonds, Series 2015 (the "Series 2015 Bonds"). TVCCA's share of the Series 2015 Bonds totaled \$2,465,000 or 7.4% of total Series 2015 Bond proceeds, resulting in an overall increase in principal owed by TVCCA of \$195,000. Payments by TVCCA are based on interest costs and principal payments on 7.4% of the Series 2015 Bonds, amounts required to establish and maintain trust funds required under the New London Agreements, annual fees and certain expenses of CHEFA. TVCCA is also responsible for the cost of insuring the properties and of operation and maintenance. The refinanced loan requires interest payable in semi-annual payments at rates ranging from 1.5% to 5.0%, with principal payable in various installments through July 2038. In addition, the refinanced Series G Bonds resulted in the write-off of \$35,891 of original bond issue discounts and \$87,642 of deferred financing costs which were being amortized over the life of the old bonds. The total loss of \$318,533 resulting from the refinancing has been reported as a non-operating activity in the consolidated statement of activities for the year ended March 31, 2016.

Each of the CHEFA mortgages provide, among other things, that principal and interest on the mortgage loans are payable by TVCCA, which is obligated to make such payments so long as the applicable bonds are outstanding. The underlying collateral of the mortgage loans is the buildings constructed with bond proceeds. As additional collateral, TVCCA has pledged the gross receipts of each qualifying child care facility to CHEFA. Additionally, TVCCA is subject to certain financial and nonfinancial covenants, noncompliance with which may be considered to be an event of default and could provide CHEFA with the right to demand repayment currently. For the years ended March 31, 2017 and 2016, TVCCA was in compliance with these covenants.

In connection with the State of Connecticut's school readiness initiative, the State of Connecticut Office of Early Childhood ("OEC") has agreed to pay a portion of qualifying debt service payments. The OEC has agreed to pay 85.7% of the qualifying debt service of the Taftville facility mortgage loan, 90.0% of the qualifying debt service of the Windham facility mortgage loan, 81.9% of the qualifying debt service of the Vernon facility mortgage loan and 77.3% of the qualifying debt service of the New London facility mortgage loan.

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
Notes to Consolidated Financial Statements *(Continued)*  
March 31, 2017 and 2016

**NOTE D - LONG-TERM DEBT *(Continued)***

**OTHER MORTGAGE NOTES PAYABLE**

TVCCA is party to a mortgage note payable agreement with a bank in connection with the acquisition of real property in New London, Connecticut, which is used in several TVCCA programs. The mortgage note presently requires monthly payments of principal and interest of \$2,225 through April 2022. The current interest rate is 5.0% and is subject to adjustment every three years during the term of the mortgage note. The interest rate is adjusted to a percentage equal to the weekly average yield on U.S. Treasury securities, adjusted to a constant maturity of three years plus 3.5%. In addition to the real property acquired, the mortgage note is also secured by an assignment of rents and leases. Additionally, TVCCA is subject to certain financial and nonfinancial covenants, noncompliance with which may be considered to be an event of default and could provide the bank with the right to demand repayment currently. As of March 31, 2017 and 2016, TVCCA was in compliance with these covenants. The balance of this note totaled \$101,064 and \$118,525 as of March 31, 2017 and 2016, respectively.

Aggregate principal maturities of all mortgage notes payable in subsequent years are as follows:

Year ending March 31:	
2018	\$ 225,121
2019	241,092
2020	257,673
2021	279,373
2022	268,305
Thereafter	4,010,000
	<u>\$ 5,281,564</u>

**LINE OF CREDIT**

As of March 31, 2017 and 2016, TVCCA has available a \$400,000 and \$350,000, respectively, line of credit that is due on demand with an adjustable interest rate that is renewable annually. No borrowings were outstanding against the line as of March 31, 2017 and 2016.

**NOTE E - DEFERRED GRANT AND CONTRACT REVENUE**

Deferred grant and contract revenue expected to be recognized in subsequent fiscal years upon incurring allowable expenditures or achieving performance goals in the following areas:

	<u>2017</u>	<u>2016</u>
Children services	\$ 174,398	\$ 246,972
Housing and shelter services	81,594	81,963
Other community services	84,403	82,833
Elderly services	250	4,304
Employment and training services	21,415	-
Energy related services	5,000	-
	<u>\$ 367,060</u>	<u>\$ 416,072</u>

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
Notes to Consolidated Financial Statements *(Continued)*  
March 31, 2017 and 2016

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**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were released from restrictions during the years ended March 31, 2017 and 2016 by satisfying purpose restrictions in the following areas:

	<u>2017</u>	<u>2016</u>
Children services	\$ 5,985	\$ 1,651
Energy related services	-	1,305
Other community services	117	1,105
Housing and shelter services	193	561
Elderly services	1,170	-
	<u>\$ 7,465</u>	<u>\$ 4,622</u>

Temporarily restricted net assets as of March 31, 2017 and 2016 are expected to be utilized in TVCCA's subsequent fiscal years upon satisfaction of purpose restrictions in the following areas:

	<u>2017</u>	<u>2016</u>
Elderly services	\$ 252,050	\$ 242,781
Other community services	211,623	210,430
Housing and shelter services	198,837	198,514
Children services	43,867	45,902
Employment and training services	26,349	26,349
Facilities improvement (capital campaign)	19,889	19,889
	<u>\$ 752,615</u>	<u>\$ 743,865</u>

**NOTE G - NONCASH CONTRIBUTIONS**

Noncash contributions recognized in the accompanying consolidated statement of activities consist principally of the use of space in connection with children services programs and totaled \$265,838 and \$318,323 for the years ended March 31, 2017 and 2016, respectively.

THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

March 31, 2017 and 2016

**NOTE H - EXPENSES BY FUNCTION**

Expenses by function are as follows:

	<u>2017</u>	<u>2016</u>
Program Services		
Children services, including		
Headstart and child daycare	\$ 9,952,055	\$ 10,571,463
Energy related services	7,019,923	5,398,652
Elderly services	3,588,164	3,540,708
Employment and training services	2,443,161	2,560,886
Housing and shelter services	1,820,519	2,094,607
Other community services	460,497	485,435
Total program services	<u>25,284,319</u>	<u>24,651,751</u>
Management and general	<u>1,639,319</u>	<u>1,246,951</u>
Total expenses	<u>\$ 26,923,638</u>	<u>\$ 25,898,702</u>

**NOTE I - OPERATING LEASES**

TVCCA leases office space and various other facilities throughout eastern Connecticut to conduct its programs. Future minimum lease payments under non-cancelable operating leases with remaining terms in excess of one year are as follows:

Year ending March 31:	
2018	\$ 128,822
2019	124,972
2020	31,167
	<u>\$ 284,961</u>

Rent expense totaled \$137,447 and \$135,663 for the years ended March 31, 2017 and 2016, respectively.

**NOTE J - EMPLOYEE BENEFIT PLANS**

TVCCA maintains two defined contribution employee benefit plans: a Section 403(b) employee contribution plan and a money purchase pension plan. All permanent employees are eligible to participate in both plans after a three month waiting period.

Employee contributions under the 403(b) plan are determined by the participating employees and must be at least 5% of wages. Employer contributions to the money purchase pension plan are based on a percentage match of 403(b) participating employee wages. Employees are always 100% vested in employee salary deferrals and become fully vested in employer contributions after one year. Employees hired after April 1, 2004 become fully vested in employer contributions after three years. Employer contributions totaled \$529,343 and \$523,802 for the years ended March 31, 2017 and 2016, respectively.

**NOTE K - SUBSEQUENT EVENTS**

Subsequent events were evaluated through August 31, 2017, which is the date the consolidated financial statements were available to be issued.

## SUPPLEMENTARY INFORMATION

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
**STATEMENT OF FINANCIAL POSITION INFORMATION**  
 March 31, 2017

	CHEFA Financed Day Care Facility-Taftville	CHEFA Financed Day Care Facility-Windham	CHEFA Financed Day Care Facility-Vernon	CHEFA Financed Day Care Facility-New London	All Other Activities	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 4,552,287	\$ 4,552,287
Grants and contracts receivable	117,805	-	-	81,129	1,096,525	1,295,459
Other current assets	-	-	-	-	179,500	179,500
Total current assets	<u>117,805</u>	<u>-</u>	<u>-</u>	<u>81,129</u>	<u>5,828,312</u>	<u>6,027,246</u>
PROPERTY, PLANT AND EQUIPMENT, NET	1,505,620	608,598	409,341	2,092,696	1,784,382	6,400,637
<b>OTHER ASSETS</b>						
Restricted cash equivalents	46,895	5,018	5,018	47,927	55	104,913
Due (to) from	906,277	(158,453)	172,625	14,978	(935,427)	-
Total other assets	<u>953,172</u>	<u>(153,435)</u>	<u>177,643</u>	<u>62,905</u>	<u>(935,372)</u>	<u>104,913</u>
Total assets	<u>\$ 2,576,597</u>	<u>\$ 455,163</u>	<u>\$ 586,984</u>	<u>\$ 2,236,730</u>	<u>\$ 6,677,322</u>	<u>\$ 12,532,796</u>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 22,369	\$ 7,857	\$ 4,888	\$ 24,064	\$ 1,633,750	\$ 1,692,928
Current portion of long-term debt	85,000	35,000	20,000	65,000	19,621	224,621
Deferred grant and contract revenue	9,041	-	-	9,895	348,124	367,060
Total current liabilities	<u>116,410</u>	<u>42,857</u>	<u>24,888</u>	<u>98,959</u>	<u>2,001,495</u>	<u>2,284,609</u>
<b>LONG-TERM LIABILITIES</b>						
Long-term debt, less current portion	<u>1,735,000</u>	<u>600,000</u>	<u>375,000</u>	<u>2,265,000</u>	<u>81,943</u>	<u>5,056,943</u>
Total liabilities	<u>1,851,410</u>	<u>642,857</u>	<u>399,888</u>	<u>2,363,959</u>	<u>2,083,438</u>	<u>7,341,552</u>
<b>NET ASSETS (DEFICIT)</b>						
Unrestricted	725,187	(187,694)	187,096	(127,229)	3,841,269	4,438,629
Temporarily restricted	-	-	-	-	752,615	752,615
Total net assets (deficit)	<u>725,187</u>	<u>(187,694)</u>	<u>187,096</u>	<u>(127,229)</u>	<u>4,593,884</u>	<u>5,191,244</u>
Total liabilities and net assets	<u>\$ 2,576,597</u>	<u>\$ 455,163</u>	<u>\$ 586,984</u>	<u>\$ 2,236,730</u>	<u>\$ 6,677,322</u>	<u>\$ 12,532,796</u>

*See accompanying Independent Auditor's Report.*

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
**STATEMENT OF ACTIVITIES INFORMATION**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	CHEFA Financed Day Care Facility-Taftville	CHEFA Financed Day Care Facility-Windham	CHEFA Financed Day Care Facility-Vernon	CHEFA Financed Day Care Facility-New London	All Other Activities	Total
<b>SUPPORT AND REVENUE</b>						
Federal and state grants and contracts	\$ 1,858,090	\$ 6,218	\$ 8,177	\$ 1,907,318	\$ 19,909,172	\$ 23,688,975
Local and other grants and contributions	-	-	-	-	674,677	674,677
Program and other income	585,851	-	30,000	539,625	576,011	1,731,487
Noncash contributions	-	-	-	-	265,838	265,838
Debt service paid on behalf of TVCCA by the State of Connecticut	152,375	55,958	36,998	129,057	(4,340)	370,048
Total support and revenue	<u>2,596,316</u>	<u>62,176</u>	<u>75,175</u>	<u>2,576,000</u>	<u>21,421,358</u>	<u>26,731,025</u>
<b>EXPENSES</b>						
Salaries and benefits	1,675,115	320	-	1,702,355	10,807,007	14,184,797
Client assistance	-	-	-	-	6,953,715	6,953,715
Materials and supplies	267,123	1,473	262	288,485	1,341,499	1,898,842
Occupancy	155,287	40,793	7,528	170,536	748,692	1,122,836
Professional and contractual services	183,377	-	-	106,277	787,799	1,077,453
Other	234,860	3,414	4,646	235,796	134,349	613,065
Depreciation and amortization	121,451	37,622	24,017	132,283	261,047	576,420
Travel and transportation	10,422	-	-	7,884	257,786	276,092
Interest expense	91,139	31,801	19,863	96,606	(18,991)	220,418
Total expenses	<u>2,738,774</u>	<u>115,423</u>	<u>56,316</u>	<u>2,740,222</u>	<u>21,272,903</u>	<u>26,923,638</u>
Change in net assets	(142,458)	(53,247)	18,859	(164,222)	148,455	(192,613)
NET ASSETS (DEFICIT), beginning of year	<u>867,645</u>	<u>(134,447)</u>	<u>168,237</u>	<u>36,993</u>	<u>4,445,429</u>	<u>5,383,857</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 725,187</u>	<u>\$ (187,694)</u>	<u>\$ 187,096</u>	<u>\$ (127,229)</u>	<u>\$ 4,593,884</u>	<u>\$ 5,191,244</u>

*See accompanying Independent Auditor's Report.*



**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
**STATEMENT OF CASH FLOWS INFORMATION**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	CHEFA Financed Day Care Facility-Taftville	CHEFA Financed Day Care Facility-Windham	CHEFA Financed Day Care Facility-Vernon	CHEFA Financed Day Care Facility-New London	All Other Activities	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Change in net assets	\$ (142,458)	\$ (53,247)	\$ 18,859	\$ (164,222)	\$ 148,455	\$ (192,613)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:						
Depreciation and amortization	121,451	37,622	24,017	132,283	261,047	576,420
Loss on sale of equipment	-	-	-	-	40,224	40,224
Change in due (to) from	167,064	46,015	(17,549)	127,431	(322,961)	-
(Increase) decrease in operating assets:						
Grants and contracts receivable	(30,725)	-	-	6,204	313,674	289,153
Other current assets	-	-	-	-	119,858	119,858
Increase (decrease) in operating liabilities:						
Accounts payable and accrued expenses	(1,063)	(375)	(312)	(351)	(139,481)	(141,582)
Deferred grant and contract revenue	(17,803)	-	-	(18,152)	(13,057)	(49,012)
Net cash (used in) provided by operating activities	<u>96,466</u>	<u>30,015</u>	<u>25,015</u>	<u>83,193</u>	<u>407,759</u>	<u>642,448</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of property, plant and equipment	(10,661)	-	-	(12,748)	(85,200)	(108,609)
Net cash used in investing activities	<u>(10,661)</u>	<u>-</u>	<u>-</u>	<u>(12,748)</u>	<u>(85,200)</u>	<u>(108,609)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Principal repayments on long-term debt	(85,000)	(30,000)	(25,000)	(70,000)	(17,461)	(227,461)
Net cash provided by used in investing activities	<u>(85,000)</u>	<u>(30,000)</u>	<u>(25,000)</u>	<u>(70,000)</u>	<u>(17,461)</u>	<u>(227,461)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	805	15	15	445	305,098	306,378
CASH AND CASH EQUIVALENTS, beginning of year	46,090	5,003	5,003	47,482	4,247,244	4,350,822
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 46,895</u>	<u>\$ 5,018</u>	<u>\$ 5,018</u>	<u>\$ 47,927</u>	<u>\$ 4,552,342</u>	<u>\$ 4,657,200</u>

*See accompanying Independent Auditor's Report.*

**INTERNAL CONTROL  
AND COMPLIANCE REPORT**

**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 Trustees of  
**Thames Valley Council for Community Action, Inc.**  
Jewett City, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Thames Valley Council for Community Action, Inc. and Subsidiary ("TVCCA"), which comprise the consolidated statement of financial position as of March 31, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 31, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered TVCCA's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of TVCCA's internal control. Accordingly, we do not express an opinion on the effectiveness of TVCCA'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 TVCCA's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether TVCCA's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental 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 TVCCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TVCCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mahoney Sabol + Company, LLP*

Glastonbury, Connecticut  
August 31, 2017

# FEDERAL SINGLE AUDIT SECTION

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

To the Board of Trustees of  
**Thames Valley Council for Community Action, Inc.**  
Jewett City, Connecticut

**Report on Compliance for Each Major Federal Program**

We have audited Thames Valley Council for Community Action, Inc. and Subsidiary’s (“TVCCA”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of TVCCA’s major federal programs for the year ended March 31, 2017. TVCCA’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of federal 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 each of TVCCA’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TVCCA’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of TVCCA’s compliance.

***Opinion on Each Major Federal Program***

In our opinion, Thames Valley Council for Community Action, Inc. and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2017.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of federal findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

Management's response to the noncompliance finding identified in our audit is described in the accompanying schedule of federal findings and questioned costs. Management's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of TVCCA 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 TVCCA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TVCCA'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. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned cost as item 2017-001, that we consider to be a significant deficiency.

### **Purpose of This Report**

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.



Glastonbury, Connecticut  
August 31, 2017

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

Grantor; Program Title	Pass-through Grantor	Grant Number	Federal CFDA Number	Grant Period Ending	Grant Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Low-Income Home Energy Assistance	State of CT Department of Social Services	14D5543012K	93.568	9/17	\$ 7,081,605
Head Start	Direct	01CH212102/3	93.600	3/19	3,830,658
Head Start	Direct - Local In-Kind Contributions	01CH212102/3	93.600	3/17	207,917
Head Start	Direct - Program Income	01CH212102/3	93.600	3/19	102,020
Head Start - Collaboration Project	Connecticut Office of Early Childhood	12060-22510-83004-2016-170003	93.600	1/17	<u>9,500</u>
					<u>4,150,095</u>
Social Services Block Grant - Child Daycare	Connecticut Office of Early Childhood	14OEC0089AA A1	93.667	6/17	692,722
Subrecipient expenditures: Carelot Children's Center Inc.	Connecticut Office of Early Childhood	14OEC0089AA A1	93.667	6/17	529,611
Social Services Block Grant - Child Daycare - Intercept	Connecticut Office of Early Childhood	14OEC0089AA A1	93.667	6/17	35,189
Social Services Block Grant - Child Daycare	Direct - Program Income	14OEC0089AA A1	93.667	6/17	514,994
Social Services Block Grant - Case Management	Connecticut Association for Community Action	15D555001FB	93.667	3/17	183,834
Social Services Block Grant - Eviction Prevention Program	State of CT Department of Housing	13DOH0201CX	93.667	6/16	55,029
Social Services Block Grant - CT Rapid Re-Housing Program	State of CT Department of Housing	16DOH0901CX	93.667	6/18	44,056
Social Services Block Grant	Department of Health and Human Services	16D5515012K	93.667	9/16	14,759
Social Services Block Grant	Department of Health and Human Services	13D5515012K	93.667	9/19	125,049
Social Services Block Grant	Department of Health and Human Services	15DOH0401CX	93.667	6/18	4,909
Special Programs for the Aging - Title III, Part C - Nutrition Services	Senior Resources Agency on Aging	N-16-1/4/5-H (SE, W & NE)	93.667	9/16	46,904
Special Programs for the Aging - Title III, Part C - Nutrition Services	Senior Resources Agency on Aging	N-17-1/4/5-ED (SE, W & NE)	93.667	9/17	<u>21,826</u>
					<u>2,268,882</u>
<b>Aging Cluster:</b>					
Special Programs for the Aging - Title III, Part C - Nutrition Services	Senior Resources Agency on Aging	N-16-1/4/5-H (SE, W & NE)	93.044	9/16	45,988
Special Programs for the Aging - Title III, Part C - Nutrition Services	Senior Resources Agency on Aging	N-16-1/4/5-H (SE, W & NE)	93.045	9/16	372,197
Special Programs for the Aging - Title III, Part C - Nutrition Services	Senior Resources Agency on Aging	N-16-1/4/5-ED (SE, W & NE)	93.053	9/16	129,144
Special Programs for the Aging - Title III, Part C - Nutrition Services	Senior Resources Agency on Aging	XE-15-1	93.045	9/16	1,282
Special Programs for the Aging - Title III, Part C - Nutrition Services	Senior Resources Agency on Aging	N-17-1/4/5-C (SE, W & NE)	93.045	9/17	254,629
Special Programs for the Aging - Title III, Part C - Nutrition Services	Senior Resources Agency on Aging	N-17-1/4/5-ED (SE, W & NE)	93.053	9/17	5,289
Nutrition Services Incentive	Direct - Program Income	-	93.045	9/17	3,704
Nutrition Services Incentive	Senior Resources Agency on Aging	ME-11-1	93.045	9/17	<u>34,791</u>
					<u>847,024</u>
Community Services Block Grant	State of CT Department of Social Services	13D5515012K	93.569	9/16	258,672
Community Services Block Grant	State of CT Department of Social Services	16D5515012K	93.569	9/19	214,573
Subrecipient expenditures: Madonna Place, Inc.	State of CT Department of Social Services	16D5515012K	93.569	9/19	6,418
Community Services Block Grant	City of Norwich	-	93.569	10/16	<u>11,737</u>
					<u>491,400</u>
<b>Medicaid Cluster:</b>					
Medicaid	Connecticut Community Care, Inc.	-	93.778	6/17	<u>254,657</u>
Community Partnerships for Healthy Mothers and Children	National WIC Association	-	93.331	9/17	<u>144,218</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
					<u>15,237,881</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
Women, Infants, Children	State of CT Department of Public Health	Vouchers	10.557	3/17	2,794,412
Women, Infants, Children	State of CT Department of Public Health	2013-0054	10.557	9/16	365,053
Women, Infants, Children	State of CT Department of Public Health	2013-0054	10.557	9/17	335,407
Women, Infants, Children - Head Start/WIC Collaboration Project	State of CT Department of Public Health	n/a	10.578	9/17	2,684
Women, Infants, Children - Head Start/WIC Collaboration Project	State of CT Department of Public Health	n/a	10.578	9/17	<u>500</u>
					<u>3,498,056</u>
Child and Adult Care Food Program	State of CT Department of Education	12060-20518-82079-2016-170006	10.558	3/17	<u>361,539</u>
<b>SNAP Cluster:</b>					
State Administrative Match Grants for the Supplemental Nutrition Program	Eastern CT Workforce Investment Board	14144CT407E2518	10.561	9/16	<u>2,770</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>					
					<u>3,862,365</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Supportive Housing Program	Direct	CT0094L1E051508	14.235	1/17	588,527
Supportive Housing Program	Direct	CT0094L1E051609	14.235	1/18	110,593
Supportive Housing Program	Direct - Program Income	CT0094L1E051508	14.235	1/17	69,389
Supportive Housing Program	Direct - Program Income	CT0094L1E051609	14.235	1/18	<u>9,022</u>
					<u>777,531</u>
<b>Housing Voucher Cluster:</b>					
Section 8 Housing Choice Vouchers	John D'Amelia and Associates	-	14.871	3/17	<u>353,195</u>
Emergency Solutions Grant Program	State of CT Department of Housing	15DOH0401CX	14.231	6/18	261,604
Subrecipient expenditures: Bethsaida Community, Inc.	State of CT Department of Housing	15DOH0401CX	14.231	6/17	52,422
Emergency Solutions Grant Program	City Of New London	221-6511-465.33-17	14.231	6/16	6,202
Emergency Solutions Grant Program	City Of New London	221-6511-465.33-17	14.231	6/17	18,606
Emergency Solutions Grant Program	City Of New London	221.6511-465.33-16	14.231	6/16	476
Emergency Solutions Grant Program	City Of New London	221.6511-465.33-16	14.231	6/17	<u>939</u>
					<u>340,249</u>
Congregate Housing	Senior Resources Agency on Aging	ME-11-1	14.170	9/17	<u>5,309</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
					<u>1,476,284</u>

(Continued)

*The accompanying notes are an integral part of this schedule.*



**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED MARCH 31, 2017**

Grantor; Program Title	Pass-through Grantor	Grant Number	Federal CFDA Number	Grant Period Ending	Grant Expenditures
<b>U.S. DEPARTMENT OF LABOR</b>					
Employment Service - Wagner-Peyser Funded Activities	Department of Labor	WIA 15-16	17.207	6/16	\$ 4,236
Employment Service - Wagner-Peyser Funded Activities	Department of Labor	WIA 16-17	17.207	6/17	4,297
					<u>8,533</u>
<b>WIA/WIOA Cluster:</b>					
Adult Program	Eastern CT Workforce Investment Board	WIA 15-16	17.258	6/16	22,927
Adult Program	Eastern CT Workforce Investment Board	WIA 16-17	17.258	6/17	121,989
Subrecipient expenditures: Eastconn	Eastern CT Workforce Investment Board	WIA 16-17	17.258	6/17	194,780
Youth Activities	Eastern CT Workforce Investment Board	WIA 15-16	17.259	6/16	18,925
Youth Activities	Eastern CT Workforce Investment Board	WIA 16-17	17.259	6/17	63,540
Youth Activities	Eastconn	n/a	17.259	6/16	4,697
Youth Activities	Eastconn	n/a	17.259	6/17	12,089
Subrecipient expenditures: Eastconn	Eastern CT Workforce Investment Board	WIA 16-17	17.259	6/17	149,880
Dislocated Worker Formula Grants	Eastern CT Workforce Investment Board	WIA 15-16	17.278	6/16	40,902
Dislocated Worker Formula Grants	Eastern CT Workforce Investment Board	WIA 16-17	17.278	6/17	122,240
Subrecipient expenditures: Eastconn	Eastern CT Workforce Investment Board	WIA 16-17	17.278	6/17	219,278
					<u>971,247</u>
Senior Community Service Employment	State of CT Department of Aging	104C-SCS-18/145DA0301ZK A3	17.235	6/17	73,498
Senior Community Service Employment	Direct - Local In-Kind Contributions	104C-SCS-18/145DA0301ZK A3	17.235	6/17	20,719
					<u>94,217</u>
WIA Dislocated Worker Formula Grants and National Emergency Grants	Eastern CT Workforce Investment Board	WIA 15-16	17.277	6/16	9,364
WIA Dislocated Worker Formula Grants and National Emergency Grants	Eastern CT Workforce Investment Board	WIA 15-16	17.277	6/16	9,433
WIA Dislocated Worker Formula Grants and National Emergency Grants	Eastern CT Workforce Investment Board	WIA 16-17	17.277	6/17	28,531
WIA Dislocated Worker Formula Grants and National Emergency Grants	Eastern CT Workforce Investment Board	WIA 16-17	17.277	6/17	28,319
					<u>75,647</u>
Workforce Innovation Fund	Eastern CT Workforce Investment Board	WIA 16-17	17.283	6/17	52,575
Workforce Innovation Fund	Eastern CT Workforce Investment Board	WIA 15-16	17.283	6/16	17,051
					<u>69,626</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>					<u>1,219,270</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>					
Foster Grandparent Program	Direct	13SFACT003	94.011	3/17	5,088
Foster Grandparent Program	Direct - Local In-Kind Contributions	13SFACT003	94.011	3/17	13,713
					<u>18,801</u>
Retired Senior Volunteer Program	Direct	16SRACT002	94.002	3/17	114,574
Retired Senior Volunteer Program	Direct - Program Income	16SRACT002	94.002	3/17	26,978
Retired Senior Volunteer Program	Direct - Local In-Kind Contributions	16SRACT002	94.002	3/17	23,489
					<u>165,041</u>
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>					<u>183,842</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
Preschool Development Grant	Town of Griswold	12060-22705-2016-83004-170003	84.419	6/17	341,117
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>					
Emergency Food and Shelter National Board Program	United Way of Southeastern Connecticut		97.024	11/15	1,925
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>					<u>\$ 22,322,684</u>

*The accompanying notes are an integral part of this schedule.*

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**

Notes to Schedule of Expenditures of Federal Awards

For the year ended March 31, 2017

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**NOTE A - ACCOUNTING BASIS**

**CONSOLIDATED FINANCIAL STATEMENTS**

The accounting policies of Thames Valley Council for Community Action, Inc. and Subsidiary ("TVCCA") conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the consolidated financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

**COST ALLOCATION PRINCIPLES**

TVCCA has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance. TVCCA has applied a cost allocation plan that has remained consistent since 2008, which has been approved by grantors. This cost allocation plan allocates indirect costs to various grant programs based on total direct program salaries incurred by each grant.

**NOTE B - OTHER FEDERAL ASSISTANCE**

TVCCA did not receive other federal assistance in the form of insurance, loans, or loan guarantees.

In connection with the Women, Infants, and Children program, TVCCA determines program eligibility and issues vouchers for food benefits to eligible participants. The vouchers are redeemed by the participants at certain vendors approved by the State of Connecticut. TVCCA does not make payments to the participants or to the vendors redeeming the vouchers. Although the value of the vouchers is considered federal assistance and is included in the accompanying schedule of expenditures of federal awards under CFDA number 10.557, no revenue or expense has been recognized in TVCCA's consolidated financial statements for the year ended March 31, 2017. The total value of vouchers redeemed as reported by the State of Connecticut totaled \$2,794,412 for the year ended March 31, 2017.

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
 Schedule of Federal Findings and Questioned Costs  
 For the year ended March 31, 2017

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

○ Material weakness(es) identified? \_\_\_\_\_ Yes ✓ No

○ Significant deficiency(ies) identified? \_\_\_\_\_ Yes ✓ None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes ✓ No

**FEDERAL AWARDS**

Internal control over major programs:

○ Material weakness(es) identified? \_\_\_\_\_ Yes ✓ No

○ Significant deficiency(ies) identified? ✓ Yes \_\_\_\_\_ None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516? ✓ Yes \_\_\_\_\_ No

Identification of major programs:

CFDA Number	Name of Federal Program
93.044, 93.045, 93.053 93.600	Aging Cluster Head Start
17.258, 17.259, 17.278	WIA/WIOA Cluster

Dollar threshold used to distinguish between Type A and Type B program: \$750,000

Auditee qualified as low-risk auditee? ✓ Yes \_\_\_\_\_ No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No findings are reported.

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
Schedule of Federal Findings and Questioned Costs *(Continued)*  
For the year ended March 31, 2017

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2017-001: Significant Deficiency in Internal Control Over Federal Award Program**

**Criteria:** Head Start grantees should have internal controls in place to ensure that the enrollment of otherwise ineligible children does not exceed 10 percent of program participants.

**Condition:** During a May 2016 monitoring review by the Administration for Children and Families (“ACF”), an instance of noncompliance was reported in relation to the number of over-income children enrolled in the TVCCA Head Start Program. The grantee’s enrollment of children whose family income exceeded 130 percent of the Federal Poverty level was cited to be 15.3 percent. This enrollment percentage had been previously identified by TVCCA management during eligibility redetermination and communicated to the Regional office.

**Effect:** Higher percentage of otherwise ineligible children than allowed resulted in a lower Public Assistance percentage of total program participants to be achieved.

**Cause:** Management oversight and errors in processing participant eligibility.

**Auditor’s Recommendation:** We recommend that TVCCA management revise policies and procedures surrounding Head Start eligibility intake and ensure required income percentage diversification is achieved.

**Management Response:** Rather than withdrawing or removing over-income children from the program, TVCCA revised its procedures and trained employees to ensure that the number of over-income children enrolled in the Head Start program did not exceed 10 percent going forward. TVCCA management redefined intake criteria and worked closely with staff to ensure that the proper income verification process was being utilized. In a follow-up monitoring visit during November 2016, ACF deemed the noncompliance to be corrected and noted that the percentage of participants classified as over-income had decreased to 8 percent. It has since then been communicated to TVCCA that no further corrective action is required.

**SUMMARY SCHEDULE OF THE STATUS OF PRIOR YEAR AUDIT FINDINGS**

No prior year audit findings were reported.

# STATE SINGLE AUDIT SECTION

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE STATE SINGLE AUDIT ACT**

To the Board of Trustees of  
**Thames Valley Council for Community Action, Inc.**  
Jewett City, Connecticut

**Report on Compliance for Each Major State Program**

We have audited Thames Valley Council for Community Action, Inc. and Subsidiary’s (“TVCCA”) compliance with the types of compliance requirements described in the State of Connecticut Office of Policy and Management’s *Compliance Supplement* that could have a direct and material effect on each of TVCCA’s major state programs for the year ended March 31, 2017. TVCCA’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of state findings and questioned costs.

***Management’s Responsibility***

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

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of TVCCA’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 state program occurred. An audit includes examining, on a test basis, evidence about TVCCA’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of TVCCA’s compliance.

***Opinion on Each Major State Program***

In our opinion, Thames Valley Council for Community Action, Inc. and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended March 31, 2017.

## Report on Internal Control Over Compliance

Management of TVCCA 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 TVCCA's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, 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 TVCCA'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 state 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 state 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 state 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.

### Purpose of this Report

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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

*Mahoney Sabol + Company, LLP*

Glastonbury, Connecticut  
August 31, 2017

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED MARCH 31, 2017**

Grantor; Pass-through Grantor; Grantee; Program Title	Grant Number	State Grant Program Core - CT Number	Grant Period Ending	Grant Expenditures
<b>NONEXEMPT PROGRAMS</b>				
<b>DEPARTMENT OF SOCIAL SERVICES</b>				
<b>Direct:</b>				
Hispanic Programs (HHD)	14DSS1301ZK	11000-DSS60000-16118	9/17	\$ 75,189
Human Service Infrastructure	16DSS1501ZK	11000-DSS60000-16174	9/19	178,257
Human Service Infrastructure	13DSS1501ZK	11000-DSS60000-16174	9/16	110,696
				<u>288,953</u>
Human Service Infrastructure - Case Management	13DSS1501ZK	11000-DSS60000-16160	9/17	8,844
<b>Passed through Connecticut Community Care, Inc.:</b>				
Connecticut Home Care Program	-	11000-DSS60000-16114	6/17	190,993
Medicaid	-	11000-DSS60000-16020	6/17	133,116
<b>Total Department of Social Services</b>				<u>697,095</u>
<b>DEPARTMENT OF LABOR</b>				
<b>Passed through Eastern Connecticut Workforce Investment Board:</b>				
Jobs First Employment Services	WIA/JFES/NEG/SOAR-15-16-100	11000-DOL40000-12212	6/17	609,895
Jobs First Employment Services	WIA 15-16	11000-DOL40000-12212	6/16	359,484
<b>Total Department of Labor</b>				<u>969,379</u>
<b>DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES</b>				
<b>Direct:</b>				
A Place to Stay	17MHA2101	11000-MHA53000-12035	6/17	146,187
<b>DEPARTMENT OF HOUSING</b>				
<b>Direct:</b>				
Rental Assistance Program - Eviction Prevention	13DOH0201CX	11000-DOH46920-16149-1200905	6/16	15,430
Transitional Living Program	15DOH0401CX	11000-DOH46920-16149-1200903	6/18	85,910
Emergency Shelter Services	15DOH0401CX	11000-DOH46920-16149-1200901	6/18	16,872
<b>Total Department of Housing</b>				<u>118,212</u>

*(Continued)*

*The accompanying note is an integral part of this schedule.*



**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (Continued)**  
**FOR THE YEAR ENDED MARCH 31, 2017**

Grantor; Pass-through Grantor; Grantee; Program Title	Grant Number	State Grant Program Core - CT Number	Grant Period Ending	Grant Expenditures
<b>NONEXEMPT PROGRAMS (Continued)</b>				
<b>OFFICE OF EARLY CHILDHOOD</b>				
<b>Direct:</b>				
Child Daycare	14OEC0089AA A1	11000-OEC64840-12520	6/16	\$ 327,693
Child Daycare	14OEC0089AA A1	11000-OEC64840-16274	6/17	1,109,579
Child Daycare- Intercept	14OEC0089AA A1	11000-OEC64840-12520	6/16	21,505
Child Daycare- Intercept	14OEC0089AA A1	11000-OEC64840-16274	6/17	<u>21,504</u>
				<u>1,480,281</u>
Head Start Services Grant Program & Head Start Link	803 100 11000-16101-83004-2016-170105	11000-OEC64840-16101-170105	6/16	45,442
Head Start Services Grant Program & Head Start Link	803 100 11000-16101-83004-2017-170105	11000-OEC64840-16101-170105	6/17	66,815
Head Start Services Grant Program & Head Start Link	803-100 11000-16101-83004-2016-170104	11000-OEC64840-16101-170104	6/16	72,079
Head Start Services Grant Program & Head Start Link	803-100 11000-16101-83004-2017-170104	11000-OEC64840-16101-170104	6/17	104,151
Head Start Services Grant Program & Head Start Link	803-100 11000-16101-83004-2017-170104	11000-OEC64840-16101-170104	6/17	104,152
Head Start Enhancement	803-100 11000-16101-83004-2017-170106	11000-OEC64840-16101-170106	6/17	<u>31,012</u>
				<u>423,651</u>
Head Start Enhancement	803-100 11000-16101-83004-2016-170106	11000-OEC64840-16101-170106	6/16	<u>19,132</u>
Community Plans for Early Childhood	803-100 11000-12495-83004-2017	11000-OEC64840-12495	6/17	<u>16,120</u>
<b>Passed through Norwich Public Schools:</b>				
Norwich School Readiness	-	11000-OEC64840-16274-83014	6/16	136,080
Norwich School Readiness	-	11000-OEC64840-16274-83014	6/17	<u>344,778</u>
				<u>480,858</u>
<b>Passed through Children First New London:</b>				
New London School Readiness	-	11000-OEC64840-16274-83014	6/16	120,262
New London School Readiness	-	11000-OEC64840-16274-83014	6/17	<u>312,548</u>
				<u>432,810</u>
<b>Passed through Griswold Board of Education:</b>				
Griswold School Readiness Quality Enhancement	-	11000-OEC64840-17097	6/17	<u>107,087</u>
<b>Total Office of Early Childhood</b>				<u>2,959,939</u>
<b>DEPARTMENT ON AGING</b>				
<b>Passed through Senior Resources Agency on Aging:</b>				
Areas Agencies on Aging - Elderly Nutrition & Discretionary	N-17	11000-SDA62500-16260-10105	9/17	237,958
Areas Agencies on Aging - Federal Title III Match	N-17	11000-SDA62500-16260-10604	9/17	<u>23,878</u>
				<u>261,836</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<u>\$ 5,152,648</u>

*The accompanying note is an integral part of this schedule.*

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
Note to Schedule of Expenditures of State Financial Assistance  
For the year ended March 31, 2017

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Various departments and agencies of the State of Connecticut have provided financial assistance to Thames Valley Council for Community Action, Inc. and Subsidiary ("TVCCA") through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs as outlined in the schedule of expenditures of state financial assistance.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of TVCCA conform to generally accepted accounting principles as applicable to not-for-profit organizations. The following is a summary of the more significant policies relating to the aforementioned grant programs.

**BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the consolidated financial statements. Information included in the schedule of expenditures of state financial assistance is presented in accordance with regulations established by the State of Connecticut, Office of Policy and Management.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
 Schedule of State Findings and Questioned Costs  
 For the year ended March 31, 2017

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor’s report issued:		Unmodified		
Internal control over financial reporting:				
○ Material weakness(es) identified?	___	Yes	___	✓ No None reported
○ Significant deficiency(ies) identified?	___	Yes	___	✓
Noncompliance material to financial statements noted?	___	Yes	___	✓ No

**STATE FINANCIAL ASSISTANCE**

Internal control over major programs:				
○ Material weakness(es) identified?	___	Yes	___	✓ No None reported
○ Significant deficiency(ies) identified?	___	Yes	___	✓

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported  
 In accordance with Section 4-236-24 of the Regulations to  
 the State Single Audit Act? \_\_\_ Yes      \_\_\_ ✓ No

The following schedule reflects the major programs included in the audit:

State Grantor/Program	State Grant Program Core - CT Number	Expenditures
<b>Office of Early Childhood:</b>		
Head Start Services Grant Program and Head Start Link	11000-OEC64000-16101-170104 11000-OEC64000-16101-170105 11000-OEC64000-16101-170106	\$ 423,651
School Readiness	11000-OEC64840-16274-83014	913,668
<b>Department of Labor:</b>		
Jobs First Employment Services	11000-DOL40000-12212	969,379

**THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC. AND SUBSIDIARY**  
 Schedule of State Findings and Questioned Costs  
 For the year ended March 31, 2017

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS (Continued)**

The following schedule reflects the major programs included in the audit (Continued):

<u>State Grantor/Program</u>	<u>State Grant Program Core - CT Number</u>	<u>Expenditures</u>
<b>Department on Aging:</b>		
Areas Agencies on Aging Programs	11000-SDA62500-16260-10105 11000-SDA62500-16260-10604	\$ 261,836
<b>Department of Social Services:</b>		
Human Services Infrastructure (HSI)	11000-DSS60000-16174	288,953

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 200,000

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS REQUIRED BY GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

No matters were reported.

**SECTION III – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**Section IV - SUMMARY SCHEDULE OF THE STATUS OF PRIOR YEAR AUDIT FINDINGS**

No prior year audit findings were reported.