

**REPORT OF AUDIT
AND
SUPPLEMENTAL INFORMATION**

**GATEWAY COMMUNITY
ACTION AGENCY, INC.**

FOR THE YEAR ENDED JUNE 30, 2015

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Ms. Charlene Engle, Executive Director
Members of the Board of Directors
Gateway Community Action Agency, Inc.
West Liberty, Kentucky 41472

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Gateway Community Action Agency, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of revenues, expenses, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Ms. Charlene Engle, Executive Director
Members of the Board of Directors
Gateway Community Action Agency, Inc.
West Liberty, Kentucky 41472

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gateway Community Action Agency, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of Gateway Community Action Agency, 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 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 Gateway Community Action Agency, Inc.'s internal control over financial reporting and compliance.

Morgan - Franklin, LLC

Morgan-Franklin, LLC
West Liberty, Kentucky
December 23, 2015

GATEWAY COMMUNITY ACTION AGENCY, INC
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
JUNE 30, 2015

ASSETS

Current Assets

Cash	\$	336,909
Prepaid Expenses		4,284
Accounts Receivable		157,532
Total Current Assets		<u>498,725</u>

Property and Equipment, Net of Accum. Depr.		<u>20,247</u>
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Total Assets		518,972
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LIABILITIES

Current Liabilities

Accrued Payroll and Related Liabilities		64,895
Accounts Payable Trade		102,618
Notes Payable		31,438
Total Current Liabilities		<u>198,951</u>

Long-Term Liabilities

Notes Payable		8,850
Accrued Leave		73,848
Total Long-Term Liabilities		<u>82,698</u>

Total Liabilities		281,649
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NET ASSETS

Unrestricted		<u>237,323</u>
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Total Net Assets		<u>237,323</u>
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Total Liabilities and Net Assets	\$	<u><u>518,972</u></u>
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The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES				
Support				
Grants & Contracts	\$ 6,501,489	\$	\$	\$ 6,501,489
In-Kind	932,126			932,126
Total Support	7,433,615			7,433,615
Revenues				
Program Income	67,662			67,662
Interest Income	1,640			1,640
Other	46,414			46,414
Total Revenues	115,716			115,716
Total Support and Revenues	7,549,331			7,549,331
Expenses				
Direct Expenses				
Head Start	3,466,805			3,466,805
Fatherhood	842,431			842,431
WIA - Adult	384,059			384,059
United Way-Vita	10,447			10,447
LiHeap	1,110,529			1,110,529
Weatherization	139,683			139,683
Weatherization - LiHeap	231,590			231,590
Kynector	168,286			168,286
Cooper Standard	4,554			4,554
CSBG	316,486			316,486
Pentair	4,949			4,949
Child Care	26,522			26,522
Emergency Fund	17,842			17,842
NKABC	2,255			2,255
Steele-Reese	3,200			3,200
TBRA	89,336			89,336
Housing	13,805			13,805
Public Transportation	47,092			47,092
Healthy Marriage	240,416			240,416
Agency General	54,588			54,588
Total Direct Expenses	7,174,875			7,174,875
Depreciation Expense	3,374			3,374
Indirect Expenses	315,397			315,397
Total Expenses	7,493,646			7,493,646
Change in Net Assets	55,685			55,685
Net Assets at Beginning of Year	181,638			181,638
Net Assets at End of Year	\$ 237,323	\$ 0	\$ 0	\$ 237,323

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>HEAD- START</u>	<u>FATHER- HOOD</u>	<u>WIA ADULT</u>	<u>UNITED WAY-VITA</u>	<u>LIHEAP</u>	<u>WEATHER- IZATION</u>	<u>LIHEAP WEATHER- IZATION</u>	<u>KYNECTOR</u>
DIRECT EXPENSES								
Salaries and Wages	\$ 1,049,936	\$ 181,827	\$ 148,162	\$ 2,865	\$ 53,319	\$ 61,760	\$ 95,619	\$ 86,965
Program Payments		7,868	115,400					
Payroll Fringe	616,190	74,889	74,094	1,475	28,458	33,785	65,614	44,311
Subcontract Services	158,305	390,518						
Emergency Assistance					1,021,136			
Maintenance/Equip.	71,974							
Food Costs	212,695							
Insurance	58,649	23,638	4,500				3,500	3,250
Space and Utilities	114,998	12,960	19,594			2,294	1,718	10,292
Office Supplies	58,201	17,849	11,236	152	3,967	521	1,332	9,732
Other Expenses	74,177	19,262	3,252	40	2,671	1,487	871	3,631
Postage	4,706	984	612		741	191	136	250
Program Supplies	88,059	15,931				31,045	51,555	3,655
Training	56,153	5,943				2,029		
Telephone	26,678	5,205	2,873			1,613	1,759	2,013
Transportation	122,595	389				4,958	9,486	
Travel	18,607	10,138	4,336	56	237			4,187
Depreciation								
Medical	13,598							
In-Kind	721,284	75,030		5,859				
TOTAL DIRECT Expenses	<u>3,466,805</u>	<u>842,431</u>	<u>384,059</u>	<u>10,447</u>	<u>1,110,529</u>	<u>139,683</u>	<u>231,590</u>	<u>168,286</u>
INDIRECT Expenses	<u>169,568</u>	<u>28,765</u>	<u>33,436</u>	<u>412</u>	<u>8,435</u>	<u>9,770</u>	<u>15,127</u>	<u>13,758</u>
TOTAL Expenses	<u>\$ 3,636,373</u>	<u>\$ 871,196</u>	<u>\$ 417,495</u>	<u>\$ 10,859</u>	<u>\$ 1,118,964</u>	<u>\$ 149,453</u>	<u>\$ 246,717</u>	<u>\$ 182,044</u>

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>COOPER STANDARD</u>	<u>CSBG</u>	<u>PENTAIR</u>	<u>CHILD DAYCARE</u>	<u>EMERGENCY FUND</u>	<u>NKABC</u>	<u>STEELE REESE</u>	<u>TBRA</u>
DIRECT EXPENSES								
Salaries and Wages	\$ 2,817	\$ 124,877	\$ 3,770	\$ 15,406	\$	\$ 1,010	\$ 2,124	\$ 2,583
Program Payments								82,664
Payroll Fringe	1,291	59,054	1,125	7,615		530	1,122	2,002
Subcontract Services								
Emergency Assistance					17,842			
Maintenance/Equip.		5,802						
Food Costs				420				
Insurance		3,500						
Space and Utilities		25,466		30				
Office Supplies	26	6,920		181		58		635
Other Expenses	265	6,591	54	1,792		274		842
Postage		1,620						514
Program Supplies		7,837				2		
Training		1,847		663				
Telephone		11,792				47	(46)	43
Transportation								
Travel	155	1,703		415		334		53
Depreciation								
Medical								
In-Kind		59,477						
TOTAL DIRECT Expenses	<u>4,554</u>	<u>316,486</u>	<u>4,949</u>	<u>26,522</u>	<u>17,842</u>	<u>2,255</u>	<u>3,200</u>	<u>89,336</u>
INDIRECT Expenses	<u>446</u>	<u>19,756</u>	<u>597</u>	<u>2,743</u>	<u></u>	<u>160</u>	<u>335</u>	<u>409</u>
TOTAL Expenses	<u>\$ 5,000</u>	<u>\$ 336,242</u>	<u>\$ 5,546</u>	<u>\$ 29,265</u>	<u>\$ 17,842</u>	<u>\$ 2,415</u>	<u>\$ 3,535</u>	<u>\$ 89,745</u>

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>HOUSING</u>	<u>PUBLIC TRANSPORT</u>	<u>HEALTHY MARRIAGE</u>	<u>INDIRECT COST</u>	<u>AGENCY GENERAL</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
DIRECT EXPENSES						
Salaries and Wages	\$ 4,321	\$ 12,891	\$ 106,332	\$ 210,774	\$ 1,000	\$ 2,168,358
Program Payments						205,932
Payroll Fringe	1,182	4,134	45,670	67,078	249	1,129,868
Subcontract Services						548,823
Emergency Assistance						1,038,978
Maintenance/Equip.						77,776
Food Costs			51			213,166
Insurance						97,037
Space and Utilities			8,422		33,000	228,774
Office Supplies	1,395	838	11,244	14,646	838	139,771
Other Expenses	960	6	6,970	(1,030)	5,018	127,133
Postage	308	191	653	672	545	12,123
Program Supplies			5,666		1,960	205,710
Training	5,573	512	2,940	12,692	11,775	100,127
Telephone	66	648	3,120	6,534	203	62,548
Transportation		2,346		293		140,067
Travel			4,398	3,738		48,357
Depreciation				3,374		3,374
Medical						13,598
In-Kind		25,526	44,950			932,126
TOTAL DIRECT Expenses	<u>13,805</u>	<u>47,092</u>	<u>240,416</u>	<u>318,771</u>	<u>54,588</u>	<u>7,493,646</u>
INDIRECT Expenses	<u>684</u>	<u>2,039</u>	<u>16,822</u>	<u>(323,420)</u>	<u>158</u>	<u>0</u>
TOTAL Expenses	<u>\$ 14,489</u>	<u>\$ 49,131</u>	<u>\$ 257,238</u>	<u>\$ (4,649)</u>	<u>\$ 54,746</u>	<u>\$ 7,493,646</u>

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING ACTIVITIES

Change in Net Assets	\$ 55,685
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:	
Changes in Assets and Liabilities:	
Depreciation	3,374
Decrease in Accounts Receivable	18,976
Increase in Prepaid Expenses	(82)
Increase in Accrued Leave	444
Increase in Accounts Payable	41,802
Increase in Accrued Expenses	25,637
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	145,836

Net Cash Provided/(Used) by Financing Activities:	
Purchase of Fixed Assets; Net of Related Debt	(8,333)

NET INCREASE IN CASH	137,503
CASH - Beginning of Year	199,406
CASH - End of Year	\$ 336,909

SUPPLEMENTAL DATA

Interest Paid	\$ 895
Taxes Paid	\$ 0

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note A: Summary of Significant Accounting Policies

This summary of significant accounting policies of Gateway Community Action Agency, Inc. (GCAA) is presented to assist in understanding the financial statements. The financial statements and notes are representations of GCAA's management, who are responsible for their integrity and objectivity.

Organization and Business Activity

Gateway Community Action Agency, Inc. is a private non-profit organization under the IRS Code Section 501(C)(3). The nature and purpose of the Organization is to administer state and federal programs aimed at identifying, relieving and eliminating the causes of poverty in the Kentucky counties of Montgomery, Bath, Menifee, Rowan and Morgan.

GCAA rents unused office space to other nonprofit agencies and businesses in order to help offset its own rent expense. Rent received was \$50,398 for the year ended June 30, 2015.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting prescribed and permitted by the various federal, state and other non-profit funding agencies. This includes the accrual method for the reporting of revenues and expenditures. The major difference between this method and generally accepted accounting principles is that the cost of property, equipment and inventories is not included in the combined statement of assets, liabilities and net assets for any grant program, but is included in expenditures during the period in which the assets are acquired. The Indirect Cost fund, however, does include the cost of property and equipment in its statement of net assets, liabilities and net assets and depreciation is recognized in expenditures.

Cost principles used by GCAA generally fall under the Office of Management and Budget's Circular A-122 Cost Principles For Non-Profit Organizations, but additional regulations may be used as required by the individual program and its grant or contract requirements.

Functional Expenses

Expenses have been classified by specific functions where ascertainable. Those expenses, which cannot be specifically identified by function type, have been allocated to functions based upon management's best estimate of usage.

Advertising

GCAA expenses advertising costs as incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958 (formerly SFAS No. 117), *Financial Statements of Not-for-Profit Organizations*. Under ASC 958 (formerly SFAS No. 117), GCAA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, if any.

GATEWAY COMMUNITY ACTION AGENCY, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note A: Summary of Significant Accounting Policies (Continued)

Unrestricted Net Assets

Unrestricted, undesignated net assets are available for the various programs and administration of the Fund.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturity dates of less than three months.

Accounts Receivable

Accounts receivable represent grant and contract receivables that management considers to be fully collectable; accordingly, no allowance for doubtful accounts is required.

Contractual and Grant Accounting

Gateway Community Action Agency, Inc. is the administrator for a number of federally funded programs. Separate records of program revenues and expenditures are maintained by the agency to account for the operation of each program to insure the observance of limitations and restrictions placed on the use of resources.

Expendable Restricted Resources

Operating funds restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues in accordance with the contract or grant terms.

Indirect Costs

GCAA incurs administrative costs that are not directly related to any specific reporting area, which are accumulated in the indirect costs fund. Program funds are charged in accordance with GCAA's cost allocation plan as approved by GCAA's cognizant agency, the U. S. Department of Health and Human Services, and within budget and contract restrictions of each program, or as a direct reimbursement where required by the program's budget. GCAA operated the year ended June 30, 2015, under a predetermined indirect rate of 15.83% of direct salaries and wages. This rate was set March 31, 2012 and is effective until amended. The indirect cost rate charged to each program is the rate in effect when the contract is awarded. In our opinion, GCAA was in compliance with indirect cost requirements.

Fund Raising

Fund Raising income was \$1,097. There were no related expenses.

GATEWAY COMMUNITY ACTION AGENCY, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note A: Summary of Significant Accounting Policies (Continued)

Non-Grant Revenues

All non-grant revenues, such as program income and local contributions including in-kind contributions, are recorded when received by the program that generates the revenue. Amounts of in-kind contributions are recorded by using the estimated fair market value and include space and donated supplies. In-kind contributions for the year ended June 30, 2015 totaled \$932,126.

Reporting Entity

The criteria used to determine the scope of the reporting entity and its component units are oversight responsibility including selection of the governing authority, designation of management and ability to significantly influence operations; accountability for fiscal matters including budgetary authority, surplus/deficits, responsibility for debt, fiscal management and revenue characteristics; scope of public service; and any special financing relationships. Based on the above criteria, it is determined that the reporting entity, Gateway Community Action Agency, Inc., serves as the oversight unit and has no component units.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

GCAA is a nonprofit organization as described in Section 501 (c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Income generated by activities that would be considered unrelated to GCAA's mission would be subject to tax. Net unrelated business income of \$443 has been earned.

The Organization has analyzed its tax positions taken for filings with the Internal Revenue. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. The Organization's federal income tax returns are subject to examination by federal, state and local taxing authorities, generally for three years after they are filed.

Property and Equipment

Property and equipment in the Indirect Cost fund are carried at cost, less accumulated depreciation. It is the policy of GCAA to capitalize property and equipment within the Indirect Cost fund that have a unit cost of \$5,000 or more and a useful life of more than two years.

Depreciation and amortization are provided using the straight-line method for financial reporting purposes at rates based on estimated useful lives set forth below.

GATEWAY COMMUNITY ACTION AGENCY, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note A: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

<u>Category</u>	<u>Life in Years</u>
Vehicles	5-7

Property and equipment purchased with grantor funds are reported as an expense in the appropriate fund. Such assets are considered property of the granting agency and must be returned to them or disposed of in accordance with grant requirements.

Note B: Commitments

GCAA had three programs at an interim stage at June 30, 2015. Those programs and their program end dates are as follows:

Head Start	August 31, 2015
Healthy Marriage	September 29, 2015
Fatherhood	September 29, 2015

Note C: Future Funding

Funding for GCAA's grant funds are provided by federal, state and local government agencies and other non-profit organizations. These funds are to be used for designated purposes only. If, based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantor may request a refund of monies advanced, or refuse to reimburse GCAA for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of GCAA's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantor intent to continue the programs. Contracts currently in operation expire August 31, September 29, and June 30, 2015.

Note D: Retirement Plan

GCAA has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. The County Employees Retirement System of Kentucky is a cost-sharing multi-employer defined benefit pension plan, which covers substantially all regular non-certified, full-time employees of each county and school board, and any additional eligible local agencies electing to participate in the System and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

GATEWAY COMMUNITY ACTION AGENCY, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note D: Retirement Plan (Continued)

1. Assets contributed to the multi-employer plans by one employer may be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the Organization chooses to stop participating in its multi-employer plan, it may be required to pay those plans an amount based on the unfunded status of the plan, referred to as a withdrawal liability. At this time, the Organization has not established any liabilities because withdrawal from this plan is not probable.

The Plan's Employer Identification Number is 61-1431278.

Nonhazardous employees are required to contribute 5 percent of their salary to the plan. Nonhazardous employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to be allocated as follows: 5% will go to the member's account and 1% will go to the KRS insurance fund. GCAA's contribution rate for the year ended June 30, 2015 was 17.67 percent.

GCAA's contribution for FY 2015 was \$368,579 and FY 2014 was \$386,961. There are no funding improvement, or rehabilitation plans, surcharges or collective bargaining agreements. There have been no significant changes that affect the comparability of the 2015 and 2014 contributions. All required contributions were paid at year end or within thirty (30) days thereafter.

Vesting in a retirement benefit begins immediately upon entry into the System. The participant has a fully vested interest after the completion of sixty months of service, twelve of which are current service. At a minimum, terminated employees are refunded their contributions with credited interest at 3% compounded annually through June 30, 1981, 6% thereafter through June 30, 1986 and 4% thereafter. All required contributions were paid at year end or within thirty (30) days thereafter. The percentage of GCAA's contribution to total employers' contribution in the CERS for the year ended June 30, 2014 is .091659% and GCAA's portion of the net pension liability is \$2,973,764.

The amount shown below as "actuarial accrued liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems (PERS). The measure is independent of the actuarial funding method used to determine contributions to the System.

The CERS total actuarial liability (hazardous and nonhazardous) was \$13,061,349,000 as of June 30, 2014, which is the latest information available. The total Fiduciary Net Position of the plan as of June 30, 2014 is \$8,615,147,000, therefore, the plan was 65.96% funded as of June 30, 2014.

GATEWAY COMMUNITY ACTION AGENCY, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note D: Retirement Plan (Continued)

The Organization is providing less than 5% of the total contributions to the plan.

Form 5500 is not required for this plan.

Historical trend information showing the CERS progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems annual financial report. This report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note E: Cash Deposits With Financial Institutions

GCAA maintains its deposits with a financial institution insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law, GCAA requests the depository bank to pledge securities along with FDIC insurance at least equal to the amount on deposit. As of June 30, 2015, the bank balance was fully insured up to \$250,000 by FDIC and collateralized by securities held by a third party in GCAA's name.

Note F: Fixed Assets

The following is a summary of fixed assets included in the Indirect Cost fund at June 30, 2015.

Vehicles	\$ 50,591
Less: Accumulated depreciation	<u>30,344</u>
Property and equipment, net	<u>\$ 20,247</u>

Note G: Note Payable

Short Term

GCAA entered into a 90-day note payable for \$25,000 in June 18, 2015 for operating purposes, with an interest rate of 4%. The outstanding principle balance at June 30, 2015 was \$25,000.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Financing Obligations	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>

GATEWAY COMMUNITY ACTION AGENCY, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note G: Note Payable (Continued)

Long Term

GCAA entered into a Lease Agreement with KACO for \$23,621 on July 23, 2014 for the purchase of a vehicle, with an interest rate of 3.5%. The outstanding principle balance at June 30, 2015 was \$15,288.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Financing Obligations	\$ <u>0</u>	\$ <u>23,621</u>	\$ <u>8,333</u>	\$ <u>15,288</u>	\$ <u>6,438</u>

Long-Term Debt Maturity

<u>Fiscal Year Ended June 30, 2015</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 6,438	\$ 345
2017	<u>8,850</u>	<u>194</u>
Totals	<u>\$ 15,288</u>	<u>\$ 539</u>

Interest paid and included in expense is \$895.

Note H: Operating Leases

GCAA leases various space and facilities under annual renewable operating leases ending on June 30. Leases entered into for greater than one year are cancelable with notice by either party. Rent payments are due monthly and GCAA is responsible for the liability and property insurance coverage.

Note I: Subsequent Events

Subsequent events have been evaluated through December 23, 2015 which is the date the financial statements were available to be issued.

GATEWAY COMMUNITY ACTION AGENCY, INC
COMBINING STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
JUNE 30, 2015

	<u>HEAD- START</u>	<u>FATHER- HOOD</u>	<u>WIA ADULT</u>	<u>COOPER STANDARD</u>	<u>LIHEAP</u>	<u>WEATHER- IZATION</u>	<u>LIHEAP WEATHER- IZATION</u>	<u>KYNECTOR</u>
ASSETS								
Current Assets								
Cash	\$ 24,563	\$ (44,465)	\$ 11,654	\$	\$	\$ 37,749	\$ 69,068	\$ 12,096
Prepaid Expenses		50						
Grants Receivable			42,497			5,339	73,421	
General Fund Receivable								
Total Current Assets	<u>24,563</u>	<u>(44,415)</u>	<u>54,151</u>			<u>43,088</u>	<u>142,489</u>	<u>12,096</u>
Fixed Assets - at cost (net of accum. depr.)								
TOTAL ASSETS	<u><u>\$ 24,563</u></u>	<u><u>\$ (44,415)</u></u>	<u><u>\$ 54,151</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 43,088</u></u>	<u><u>\$ 142,489</u></u>	<u><u>\$ 12,096</u></u>
LIABILITIES								
Current Liabilities								
Accounts Payable Trade	\$	\$	\$ 131	\$	\$	\$ 12,444	\$ 66,418	\$ 856
Accounts Payable GF						30,644	76,071	9,100
Notes Payable								
Accrued Payroll and Related Expenses	<u>24,563</u>	<u>7,747</u>	<u>10,660</u>					<u>2,140</u>
Total Current Liab.	<u>24,563</u>	<u>7,747</u>	<u>10,791</u>			<u>43,088</u>	<u>142,489</u>	<u>12,096</u>
Other Liabilities								
Accrued Leave								
TOTAL LIABILITIES	<u>24,563</u>	<u>7,747</u>	<u>10,791</u>			<u>43,088</u>	<u>142,489</u>	<u>12,096</u>
UNRESTRICTED NET ASSETS								
		<u>(52,162)</u>	<u>43,360</u>					
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 24,563</u></u>	<u><u>\$ (44,415)</u></u>	<u><u>\$ 54,151</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 43,088</u></u>	<u><u>\$ 142,489</u></u>	<u><u>\$ 12,096</u></u>

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC
COMBINING STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
JUNE 30, 2015

	<u>CSBG</u>	<u>CHILD DAYCARE</u>	<u>UNITED WAY-VITA</u>	<u>PENTAIR</u>	<u>CHILD DAYCARE</u>	<u>EMERGENCY FUND</u>	<u>NKABC</u>
ASSETS							
Current Assets							
Cash	\$ 62,038	\$ 11,193	\$ 5,000	\$ 4,454	\$	\$ 5,098	\$
Prepaid Expenses							
Grants Receivable							
General Fund Receivable							
Total Current Assets	<u>62,038</u>	<u>11,193</u>	<u>5,000</u>	<u>4,454</u>	<u></u>	<u>5,098</u>	<u></u>
Fixed Assets - at cost (net of accum. depr.)							
TOTAL ASSETS	<u>\$ 62,038</u>	<u>\$ 11,193</u>	<u>\$ 5,000</u>	<u>\$ 4,454</u>	<u>\$ 0</u>	<u>\$ 5,098</u>	<u>\$ 0</u>
LIABILITIES							
Current Liabilities							
Accounts Payable Trade	\$ 843	\$	\$	\$	\$	\$ 3,904	\$
Accounts Payable GF	51,042		5,000				
Notes Payable							
Accrued Payroll and Related Expenses	<u>10,153</u>						
Total Current Liab.	<u>62,038</u>		<u>5,000</u>			<u>3,904</u>	
Other Liabilities							
Accrued Leave							
TOTAL LIABILITIES	<u>62,038</u>		<u>5,000</u>			<u>3,904</u>	
UNRESTRICTED NET ASSETS		<u>11,193</u>		<u>4,454</u>		<u>1,194</u>	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 62,038</u>	<u>\$ 11,193</u>	<u>\$ 5,000</u>	<u>\$ 4,454</u>	<u>\$ 0</u>	<u>\$ 5,098</u>	<u>\$ 0</u>

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC
COMBINING STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
JUNE 30, 2015

	<u>STEELE REESE</u>	<u>TBRA</u>	<u>HOUSING</u>	<u>PUBLIC TRANSPORT</u>	<u>HEALTHY MARRIAGE</u>	<u>INDIRECT COST</u>	<u>AGENCY GENERAL</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
ASSETS								
Current Assets								
Cash	\$	\$ (9,025)	\$ 8,874	\$ 12,046	\$ 10,505	\$ 18,046	\$ 98,015	\$ 336,909
Prepaid Expenses						4,202	32	4,284
Grants Receivable		10,989		3,485	21,801			157,532
General Fund Receivable							187,479	187,479
Total Current Assets		1,964	8,874	15,531	32,306	22,248	285,526	686,204
Fixed Assets - at cost (net of accum. depr.)						20,247		20,247
TOTAL ASSETS	\$ 0	\$ 1,964	\$ 8,874	\$ 15,531	\$ 32,306	\$ 42,495	\$ 285,526	\$ 706,451
LIABILITIES								
Current Liabilities								
Accounts Payable Trade	\$	\$	\$ 127	\$ 7,622	\$ 83	\$ 10,190	\$	\$ 102,618
Accounts Payable GF				7,622	8,000			187,479
Notes Payable						15,288	25,000	40,288
Accrued Payroll and Related Expenses				287	3,355	5,990		64,895
Total Current Liab.			127	15,531	11,438	31,468	25,000	395,280
Other Liabilities								
Accrued Leave							73,848	73,848
TOTAL LIABILITIES			127	15,531	11,438	31,468	98,848	469,128
UNRESTRICTED NET ASSETS		1,964	8,747		20,868	11,027	186,678	237,323
TOTAL LIABILITIES AND NET ASSETS	\$ 0	\$ 1,964	\$ 8,874	\$ 15,531	\$ 32,306	\$ 42,495	\$ 285,526	\$ 706,451

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>HEAD- START</u>	<u>FATHERHOOD</u>	<u>WIA ADULT</u>	<u>UNITED WAY-VITA</u>	<u>LIHEAP</u>	<u>WEATHER- IZATION</u>	<u>LIHEAP WEATHER- IZATION</u>
REVENUE							
Grant Revenue	\$ 2,922,673	\$ 752,955	\$ 418,437	\$ 5,000	\$ 1,118,964	\$ 149,404	\$ 247,669
In-Kind	721,284	75,030		5,859			
Other	500		19			49	70
TOTAL REVENUE	<u>3,644,457</u>	<u>827,985</u>	<u>418,456</u>	<u>10,859</u>	<u>1,118,964</u>	<u>149,453</u>	<u>247,739</u>
Expenses							
DIRECT Expenses							
Salaries and Wages	1,049,936	181,827	148,162	2,865	53,319	61,760	95,619
Program Payments		7,868	115,400				
Payroll Fringe	616,190	74,889	74,094	1,475	28,458	33,785	65,614
Subcontract Services	158,305	390,518					
Emergency Assistance					1,021,136		
Maintenance/Equipment	71,974						
Food Costs	212,695						
Insurance	58,649	23,638	4,500				3,500
Space and Utilities	114,998	12,960	19,594			2,294	1,718
Office Supplies	58,201	17,849	11,236	152	3,967	521	1,332
Other Expenses	74,177	19,262	3,252	40	2,671	1,487	871
Postage	4,706	984	612		741	191	136
Program Supplies	88,059	15,931				31,045	51,555
Training	56,153	5,943				2,029	
Telephone	26,678	5,205	2,873			1,613	1,759
Transportation	122,595	389				4,958	9,486
Travel	18,607	10,138	4,336	56	237		
Depreciation							
Medical	13,598						
In-Kind	721,284	75,030		5,859			
TOTAL DIRECT Expenses	<u>3,466,805</u>	<u>842,431</u>	<u>384,059</u>	<u>10,447</u>	<u>1,110,529</u>	<u>139,683</u>	<u>231,590</u>
INDIRECT Expenses	<u>169,568</u>	<u>28,765</u>	<u>33,436</u>	<u>412</u>	<u>8,435</u>	<u>9,770</u>	<u>15,127</u>
TOTAL Expenses	<u>3,636,373</u>	<u>871,196</u>	<u>417,495</u>	<u>10,859</u>	<u>1,118,964</u>	<u>149,453</u>	<u>246,717</u>
REVENUES OVER (UNDER) Expenses	8,084	(43,211)	961				1,022
CHANGE IN UNRESTRICTED NET ASSETS	8,084	(43,211)	961				1,022
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS							
NET ASSETS JULY 1, 2014	<u>(8,084)</u>	<u>(8,951)</u>	<u>42,399</u>				<u>(1,022)</u>
NET ASSETS JUNE 30, 2015	<u>\$ 0</u>	<u>\$ (52,162)</u>	<u>\$ 43,360</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>KYNECTOR</u>	<u>COOPER STANDARD</u>	<u>CSBG</u>	<u>PENTAIR</u>	<u>CHILD DAYCARE</u>	<u>EMERGENCY FUND</u>	<u>NKABC</u>
REVENUE							
Grant Revenue	\$ 219,744	\$ 5,000	\$ 276,765	\$ 10,000	\$	\$ 19,036	\$
In-Kind			59,477				
Other					40,644		100
TOTAL REVENUE	<u>219,744</u>	<u>5,000</u>	<u>336,242</u>	<u>10,000</u>	<u>40,644</u>	<u>19,036</u>	<u>100</u>
Expenses							
DIRECT Expenses							
Salaries and Wages	86,965	2,817	124,877	3,770	15,406		1,010
Program Payments							
Payroll Fringe	44,311	1,291	59,054	1,125	7,615		530
Subcontract Services							
Emergency Assistance						17,842	
Maintenance/Equipment			5,802				
Food Costs					420		
Insurance	3,250		3,500				
Space and Utilities	10,292		25,466		30		
Office Supplies	9,732	26	6,920		181		58
Other Expenses	3,631	265	6,591	54	1,792		274
Postage	250		1,620				
Program Supplies	3,655		7,837				2
Training			1,847		663		
Telephone	2,013		11,792				47
Transportation							
Travel	4,187	155	1,703		415		334
Depreciation							
Medical							
In-Kind			59,477				
TOTAL DIRECT Expenses	<u>168,286</u>	<u>4,554</u>	<u>316,486</u>	<u>4,949</u>	<u>26,522</u>	<u>17,842</u>	<u>2,255</u>
INDIRECT Expenses	<u>13,758</u>	<u>446</u>	<u>19,756</u>	<u>597</u>	<u>2,743</u>		<u>160</u>
TOTAL Expenses	<u>182,044</u>	<u>5,000</u>	<u>336,242</u>	<u>5,546</u>	<u>29,265</u>	<u>17,842</u>	<u>2,415</u>
REVENUES OVER (UNDER) Expenses	37,700			4,454	11,379	1,194	(2,315)
CHANGE IN UNRESTRICTED NET ASSETS	37,700			4,454	11,379	1,194	(2,315)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS							
NET ASSETS JULY 1, 2014	<u>54,051</u>				(186)		<u>2,315</u>
NET ASSETS JUNE 30, 2015	<u>\$ 91,751</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,454</u>	<u>\$ 11,193</u>	<u>\$ 1,194</u>	<u>\$ 0</u>

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>STEELE REESE</u>	<u>TBRA</u>	<u>HOUSING</u>	<u>PUBLIC TRANSPORT</u>	<u>HEALTHY MARRIAGE</u>	<u>INDIRECT COST</u>	<u>AGENCY GENERAL</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUE								
Grant Revenue	\$	\$ 90,931	\$ 5,236	\$ 22,577	\$ 237,098	\$	\$	\$ 6,501,489
In-Kind				25,526	44,950			932,126
Other			8,490	1,028		1,531	63,285	115,716
TOTAL REVENUE		<u>90,931</u>	<u>13,726</u>	<u>49,131</u>	<u>282,048</u>	<u>1,531</u>	<u>63,285</u>	<u>7,549,331</u>
Expenses								
DIRECT Expenses								
Salaries and Wages	2,124	2,583	4,321	12,891	106,332	210,774	1,000	2,168,358
Program Payments		82,664						205,932
Payroll Fringe	1,122	2,002	1,182	4,134	45,670	67,078	249	1,129,868
Subcontract Services								548,823
Emergency Assistance								1,038,978
Maintenance/Equipment								77,776
Food Costs					51			213,166
Insurance								97,037
Space and Utilities					8,422		33,000	228,774
Office Supplies		635	1,395	838	11,244	14,646	838	139,771
Other Expenses		842	960	6	6,970	(1,030)	5,018	127,133
Postage		514	308	191	653	672	545	12,123
Program Supplies					5,666		1,960	205,710
Training			5,573	512	2,940	12,692	11,775	100,127
Telephone	(46)	43	66	648	3,120	6,534	203	62,548
Transportation				2,346		293		140,067
Travel		53			4,398	3,738		48,357
Depreciation						3,374		3,374
Medical								13,598
In-Kind				25,526	44,950			932,126
TOTAL DIRECT Expenses	<u>3,200</u>	<u>89,336</u>	<u>13,805</u>	<u>47,092</u>	<u>240,416</u>	<u>318,771</u>	<u>54,588</u>	<u>7,493,646</u>
INDIRECT Expenses	<u>335</u>	<u>409</u>	<u>684</u>	<u>2,039</u>	<u>16,822</u>	<u>(323,420)</u>	<u>158</u>	<u>0</u>
TOTAL Expenses	<u>3,535</u>	<u>89,745</u>	<u>14,489</u>	<u>49,131</u>	<u>257,238</u>	<u>(4,649)</u>	<u>54,746</u>	<u>7,493,646</u>
REVENUES OVER (UNDER) Expenses	<u>(3,535)</u>	<u>1,186</u>	<u>(763)</u>		<u>24,810</u>	<u>6,180</u>	<u>8,539</u>	<u>55,685</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>(3,535)</u>	<u>1,186</u>	<u>(763)</u>		<u>24,810</u>	<u>6,180</u>	<u>8,539</u>	<u>55,685</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS								<u>0</u>
NET ASSETS JULY 1, 2014	<u>3,535</u>	<u>778</u>	<u>9,510</u>		<u>(3,942)</u>	<u>4,847</u>	<u>86,388</u>	<u>181,638</u>
NET ASSETS JUNE 30, 2015	<u>\$ 0</u>	<u>\$ 1,964</u>	<u>\$ 8,747</u>	<u>\$ 0</u>	<u>\$ 20,868</u>	<u>\$ 11,027</u>	<u>\$ 94,927</u>	<u>\$ 237,323</u>

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Head Start	93.600	N/A	\$ 2,707,574
Fatherhood	93.086	N/A	796,166
Passed through Kentucky Cabinet For Health and Family Services			
Community Services Block Grant	93.569	736-1200001494-1	276,765
Passed through Community Action Kentucky			
Low Income Home Energy Assistance Block Grant	93.568	736-1200001485	1,118,964
Passed through Kentucky Housing Corp.			
Low Income Home Energy Assistance Block Grant Weatherization Assistance Program	93.568	736-1200001485	246,717
Passed Through Foothills Community Action Partnership			
Healthy Marriage Demonstration Program Grant	93.086	Unknown	212,288
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			5,358,474
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through Kentucky Department Of Education			
Child Care Food Program	10.558	Unknown	207,015
TOTAL U.S. DEPARTMENT OF AGRICULTURE			207,015

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

**GATEWAY COMMUNITY ACTION AGENCY, INC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTORS NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF LABOR</u>			
Passed Through Eastern Kentucky Concentrated Employment Program, Inc.			
Workforce Investment Act	17.258	DTR11Y03	417,495
TOTAL U.S. DEPARTMENT OF LABOR			417,495
<u>U.S. DEPARTMENT OF ENERGY</u>			
Passed through Kentucky Housing Corp.			
Weatherization Assistance Program	81.042	Unknown	149,404
TOTAL U.S. DEPARTMENT OF ENERGY			149,404
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through Kentucky Housing Corp.			
Housing Counseling Program	14.169	HC14-0441-002	5,244
HOME Funds			
Tenant-Based Rental Assistance	14.239	Unknown	89,745
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			94,989
<u>FEDERAL TRANSIT ADMINISTRATION</u>			
Passed through Kentucky Transportation Cabinet			
Public Transportation Grant	20.509	G727429Z	22,577
TOTAL FEDERAL TRANSIT ADMINISTRATION			22,577
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 6,249,954

NOTE:

- The accompanying schedule of expenditures of federal awards includes the federal grant activity of Gateway Community Action Agency, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying auditors report.

**GATEWAY COMMUNITY ACTION AGENCY, INC. AND DELEGATE AGENCIES
HEAD START PROGRAM-GRANT NUMBER 04CH0329/40
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE PERIOD SEPTEMBER 1, 2014 THROUGH AUGUST 31, 2015**

	APPROVED BUDGET	ACTUAL COSTS	OVER (UNDER) BUDGET CURRENT YEAR
REVENUES			
OCD FUNDS			
Amount Awarded This Budget			
Period	\$ 2,837,206	\$ 2,770,570	\$ (66,636)
Donations	200	200	0
Interest	40	40	0
Subtotal OCD Funds	2,837,446	2,770,810	(66,636)
REIMBURSEMENTS			
USDA (Special Food Service Programs)	202,638	202,638	0
GRANTEE'S CONTRIBUTION	715,740	715,740	0
GRAND TOTAL REVENUES	\$ 3,755,824	\$ 3,689,188	\$ (66,636)
EXPENDITURES			
OCD'S SHARE			
DIRECT COSTS			
Personnel	\$ 1,154,852	\$ 1,154,852	\$ 0
Fringe Benefits	636,738	636,738	0
Training	61,196	61,196	0
Travel	15,168	15,168	0
Supplies	113,475	113,475	0
Contractual	127,860	127,860	0
Other	478,823	478,823	0
TOTAL DIRECT COSTS	2,588,112	2,588,112	0
INDIRECT COSTS	182,698	182,698	0
SUBTOTAL COSTS	2,770,810	2,770,810	0
GRANTEE'S SHARE			
Grantee	715,740	715,740	0
USDA	202,638	202,638	0
GRANTEE'S TOTAL	918,378	918,378	0
GRAND TOTAL COSTS	\$ 3,689,188	3,689,188	\$ 0
REVENUES OVER (UNDER) EXPENDITURES			
FUND BALANCE AT AUGUST 31, 2014			
TOTAL FUND BALANCE AT AUGUST 31, 2015		\$ 0	

See accompanying auditors report.

GATEWAY COMMUNITY ACTION AGENCY, INC. AND DELEGATE AGENCIES
HEAD START PROGRAM-GRANT NUMBER 04CH0329/40
RECONCILIATION OF REVENUES/EXPENDITURES
PROGRAM YEAR TO AUDITED FISCAL YEAR
FOR THE YEAR ENDED JUNE 30, 2015

	Program Year			Audited Fiscal Year
	12 Months	2 Months	2 Months	12 Months
	Sept 14 - Aug 15	July - Aug 14	July - Aug 15	July 14-June 15
	(FYE 8/31/2015) +	(Restated) -	=	(FYE 6/30/2015)
REVENUE				
Grant Revenue	\$ 2,770,570	\$ 447,625	\$ 502,537	\$ 2,715,658
USDA	202,638	4,376		207,014
Program Income	200	256		456
In Kind	715,740	28,488	22,943	721,285
Interest	40	11	7	44
TOTAL REVENUE	<u>\$ 3,689,188</u>	<u>\$ 480,756</u>	<u>\$ 525,487</u>	<u>\$ 3,644,457</u>
 EXPENDITURES				
Total Expenditures				
Including Grantee				
and USDA Share	\$ 3,689,188	\$ 448,108	\$ 500,923	\$ 3,636,373
Paid With USDA Funds	202,638	4,376		207,014
Paid With In-kind	715,740	28,488	22,943	721,285
Paid With HS Funds	2,770,570	414,977	477,973	2,707,574
Paid With Other Funds	240	267	7	500
Revenues Over (Under)				
Expenditures	<u>\$ 0</u>	<u>\$ 32,648</u>	<u>\$ 24,564</u>	<u>\$ 8,084</u>
 Expenditures Paid With Head Start Funds Per Reconciliation For FYE 6/30/15				<u><u>\$ 2,707,574</u></u>
 Total Head Start Expenditures Per Schedule of Federal Awards				<u><u>\$ 2,707,574</u></u>

See accompanying auditors' report.

**GATEWAY COMMUNITY ACTION AGENCY, INC.
COMMUNITY SERVICES BLOCK GRANT PROGRAM
CONTRACT NUMBER PON2 736-1200001494-1
STATEMENT OF PROGRAM EXPENDITURES
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015**

EXPENDITURES	<u>CSBG</u>	<u>EDUCATION</u>	<u>TOTAL</u>
Personnel	\$ 183,931	\$	\$ 183,931
Travel	1,703		1,703
Program Costs	7,837		7,837
Equipment	5,642		5,642
Supplies	6,920		6,920
Space & Utilities Cost	25,466		25,466
Other	25,510		25,510
Indirect	19,756		19,756
In-Kind	<u>59,477</u>		<u>59,477</u>
Total Expenditures	336,242		336,242
Less: Questioned costs			
Less: In-Kind Contributions	<u>59,477</u>		<u>59,477</u>
Total allowable CSBG expenditures	276,765		276,765
Less: Contract payments	<u>276,765</u>		<u>276,765</u>
CSBG overpayment received as of June 30, 2015	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying auditors report.

**GATEWAY COMMUNITY ACTION AGENCY, INC.
COMMUNITY SERVICES BLOCK GRANT PROGRAM
CONTRACT NUMBER PON2 736-1200001494-1
SCHEDULE OF QUESTIONED COSTS
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015**

EXPENDITURES

CSBG PROGRAM	CSBG	QUESTIONED COST	TOTAL
Personnel	\$ 183,931	\$	\$ 183,931
Travel	1,703		1,703
Equipment	5,642		5,642
Program Costs	7,837		7,837
Supplies	6,920		6,920
Space and Utilities	25,466		25,466
Other	25,510		25,510
Indirect	19,756		19,756
In-kind	59,477		59,477
TOTAL - CSBG	\$ 336,242	\$ 0	\$ 336,242
EDUCATION			
Education assistance	\$	\$	\$ 0
In-kind			0
TOTAL - EDUCATION	\$ 0	\$ 0	\$ 0

See accompanying auditors report.

**GATEWAY COMMUNITY ACTION AGENCY, INC.
COMMUNITY SERVICES BLOCK GRANT PROGRAM
CONTRACT NUMBER PON2 736-1200001494-1
SCHEDULE OF BUDGET TO ACTUAL EXPENDITURES
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015**

COST CATEGORY - CSBG	BUDGET	ACTUAL	(OVER) UNDER BUDGET
Personnel	\$ 183,466	\$ 183,931	\$ (465)
Client Services	7,931	7,837	94
Travel	1,701	1,703	(2)
Equipment	5,645	5,642	3
Supplies	7,670	6,920	750
Space Cost	15,950	15,790	160
Utilities	10,606	9,676	930
Indirect	19,826	19,756	70
Other	24,315	25,510	(1,195)
Total Expenditures	277,110	276,765	345
COST CATEGORY - TRANSPORTATION			
Other			0
COST CATEGORY - EDUCATION			
Other			0
TOTAL	\$ 277,110	\$ 276,765	\$ 345

See accompanying auditors report.

**GATEWAY COMMUNITY ACTION AGENCY, INC.
WEATHERIZATION PROGRAM
CONTRACT NUMBER 736-1200001485
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015**

ASSETS

Cash	
Regular Weatherization	\$ 68,393
LiHeap Weatherization	145,139
Accounts receivable - Regular	5,339
Accounts receivable - LiHeap	<u>73,421</u>

TOTAL ASSETS	<u><u>\$ 292,292</u></u>
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LIABILITIES

Accounts payable	
Regular Weatherization	\$ 73,732
LiHeap Weatherization	<u>218,560</u>

TOTAL LIABILITIES	<u>292,292</u>
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FUND BALANCE	<u> </u>
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LIABILITIES AND FUND BALANCE	<u><u>\$ 292,292</u></u>
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The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC.
WEATHERIZATION PROGRAM
CONTRACT NUMBER 736-1200001485
STATEMENT OF ALLOWABLE EXPENDITURES
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015

WX Materials	19,346	35,463
WX Support	54,040	108,996
WX Labor	37,284	59,195
H&S Materials	10,585	9,911
H&S Labor	13,892	17,237
Liability Insurance		3,500
Training	4,392	
Financial Audit	400	
	<hr/>	<hr/>
Total Allowable Expenditures	149,453	246,717
Less: Contract Payments	<hr/> 149,404	<hr/> 247,669
	<hr/>	<hr/>
Under (Overpayment)	<u>\$ 49</u>	<u>\$ (952)</u>

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC.
WEATHERIZATION PROGRAM
CONTRACT NUMBER 736-1200001485
SCHEDULE OF QUESTIONED COSTS
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015

REGULAR WEATHERIZATION

Administration	\$ 9,514	\$	\$ 9,514
Materials	29,931		29,931
Program Support	54,040		54,040
Training	4,392		4,392
Labor	51,176		51,176
Financial Audit	400		400
	<u>400</u>		<u>400</u>
TOTAL	<u>\$ 149,453</u>	<u>\$ 0</u>	<u>\$ 149,453</u>

LIHEAP WEATHERIZATION

Administration	\$ 12,415	\$	\$ 12,415
Materials	45,374		45,374
Program Support	108,996		108,996
Liability Insurance	3,500		3,500
Labor	76,432		76,432
	<u>76,432</u>		<u>76,432</u>
TOTAL	<u>\$ 246,717</u>	<u>\$ 0</u>	<u>\$ 246,717</u>

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

**GATEWAY COMMUNITY ACTION AGENCY, INC.
WEATHERIZATION PROGRAM
CONTRACT NUMBER 736-1200001485
SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015**

REGULAR WEATHERIZATION

Administration	\$ 9,628	\$ 9,514	\$ 114
Program Operations	115,143	110,670	4,473
Health & Safety	26,500	24,477	2,023
Financial Audit	400	400	0
Training	<u>11,440</u>	<u>4,392</u>	<u>7,048</u>
TOTAL	<u><u>\$ 163,111</u></u>	<u><u>\$ 149,453</u></u>	<u><u>\$ 13,658</u></u>

LIHEAP WEATHERIZATION

Administration	\$ 16,919	\$ 12,415	\$ 4,504
Program Operations	245,972	203,654	42,318
Health & Safety	46,506	27,148	19,358
Liability Insurance	<u>4,091</u>	<u>3,500</u>	<u>591</u>
TOTAL	<u><u>\$ 313,488</u></u>	<u><u>\$ 246,717</u></u>	<u><u>\$ 66,771</u></u>

*Gateway Community Action Agency, Inc. is in Compliance With the Contract Which States That a Written Request for Approval for Any Variation Which Will Exceed Ten Percent (10%) in Cost Category Totals as Reflected in Approved Plan and Budget Must Be Submitted to Grantor Agency.

*In Our Opinion, Gateway Community Action Agency, Inc. is in Compliance With Contract Requirements Related to Maximum Allowed Average Costs Per Dwelling.

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC.
LIHEAP PROGRAM
CONTRACT NUMBER 736-1200001485
SUBCONTRACT NUMBER 007-1
STATEMENTS OF PROGRAM EXPENDITURES
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015

COST CATEGORY

ADMINISTRATION

Salaries	\$	53,319
Fringe		28,458
Office Supplies		3,967
Other		2,908
Postage		741
Indirect Cost		<u>8,435</u>
Total Administration		97,828

BENEFITS

Subsidy		432,487
Crisis		<u>588,649</u>
Total Benefits		<u>1,021,136</u>

Total Expenditures 1,118,964

Less: Questioned Costs

Total Allowable Expenditures 1,118,964

Less: Contract Payments Received 1,121,789

Less: Returned to CAK on June 1, 2015 2,825

Overpayment due to CAK \$ 0

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC.
LIHEAP PROGRAM
CONTRACT NUMBER 736-1200001485
SUBCONTRACT NUMBER 007-1
SCHEDULE OF QUESTIONED COSTS
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015

COST CATEGORY	ACTUAL	QUESTIONED COST	BALANCE
Administrative Cost	\$ 97,828	\$	\$ 97,828
Benefit Costs			
Subsidy	432,487		432,487
Crisis	588,649		588,649
TOTAL	\$ 1,118,964	\$ 0	\$ 1,118,964

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

GATEWAY COMMUNITY ACTION AGENCY, INC.
LIHEAP PROGRAM
CONTRACT NUMBER 736-1200001485
SUBCONTRACT NUMBER 007-1
SCHEDULE OF BUDGET AND ACTUAL EXPENSES
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015

COST CATEGORY	<u>BUDGET</u>	<u>ACTUAL</u>	<u>UNDER/ (OVER) BUDGET</u>
Administrative Cost	\$ 97,828	\$ 97,828	\$ 0
Benefit Costs			
Subsidy	435,075	432,487	2,588
Crisis	<u>588,886</u>	<u>588,649</u>	<u>237</u>
TOTAL	<u><u>\$ 1,121,789</u></u>	<u><u>\$ 1,118,964</u></u>	<u><u>\$ 2,825</u></u>

The accompanying auditors' report and notes to the financial statements are an integral part of the financial statements.

**GATEWAY COMMUNITY ACTION AGENCY, INC.
TRANSPORTATION PROGRAM
STATEMENT OF PROGRAM EXPENDITURES
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015**

REVENUE

Grant Revenue - 5311	\$ 22,577
Local Match	25,526
Other	<u>1,028</u>
TOTAL REVENUE	49,131

EXPENSES

DIRECT EXPENSES

Salaries and Wages	12,891
Payroll Fringe	4,134
Other	2,195
Transportation	2,346
In-Kind:	<u>25,526</u>
TOTAL DIRECT EXPENSES	47,092

INDIRECT EXPENSES	<u>2,039</u>
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TOTAL EXPENSES	<u><u>49,131</u></u>
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REVENUES OVER (UNDER) EXPENSES

BEFORE TRANSFERS	<u><u>\$ 0</u></u>
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See accompanying auditors' report.

Morgan-Franklin, LLC

Certified Public Accountants
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West Liberty, KY 41472

Brenda K. Morgan, CPA
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Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Ms. Charlene Engle, Executive Director
Members of the Board of Directors
Gateway Community Action Agency, Inc.
West Liberty, Kentucky 41472

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Gateway Community Action Agency, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statement of revenues, expenses, and net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2015.

Internal Control Over Financial Reporting

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

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

Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards* (Continued)

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 Gateway Community Action Agency, 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

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Morgan - Franklin, LLC

Morgan-Franklin, LLC
West Liberty, Kentucky

December 23, 2015

Morgan-Franklin, LLC

Certified Public Accountants
PO Box 428, 749 Broadway Street
West Liberty, KY 41472

Brenda K. Morgan, CPA
Jody B. Franklin, CPA

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Independent Auditors' Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By OMB Circular A-133

Ms. Charlene Engle, Executive Director
Members of the Board of Directors
Gateway Community Action Agency, Inc.
West Liberty, Kentucky 41472

Report on Compliance for Each Major Federal Program

We have audited Gateway Community Action Agency, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Gateway Community Action Agency, Inc.'s major federal programs for the year ended June 30, 2015. Gateway Community Action Agency, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Gateway Community Action Agency, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Gateway Community Action Agency, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Gateway Community Action Agency, Inc.'s compliance.

Independent Auditors' Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By OMB Circular A-133

Opinion on Each Major Federal Program

In our opinion, Gateway Community Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Gateway Community Action Agency, 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 Gateway Community Action Agency, Inc.'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 OMB Circular A-133, 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 Gateway Community Action Agency, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Morgan - Franklin, LLC

Morgan-Franklin, LLC
West Liberty, Kentucky
December 23, 2015

**GATEWAY COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SUMMARY OF AUDITORS' RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Gateway Community Action Agency, Inc.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Gateway Community Action Agency, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no significant deficiencies or material weaknesses in internal control over major federal award programs disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for Gateway Community Action Agency, Inc. expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs were:

U.S. Department of Health and Human Services	
Head Start	CFDA# 93.600
Responsible Fatherhood	CFDA# 93.086
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Gateway Community Action Agency, Inc. was not determined to be a low-risk auditee.

FINDINGS—FINANCIAL STATEMENTS AUDIT

NONE

**FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

NONE

**GATEWAY COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SUMMARY OF PRIOR AUDIT FINDING

NONE

CORRECTIVE ACTION PLAN

THIS SCHEDULE IS NOT NECESSARY