

LEWIS COUNTY
OPPORTUNITIES, INC.

FINANCIAL STATEMENTS
December 31, 2019

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LEWIS COUNTY OPPORTUNITIES, INC.

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**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS
LEWIS COUNTY OPPORTUNITIES, INC.**

Report on the Financial Statements

We have audited the accompanying financial statements of **LEWIS COUNTY OPPORTUNITIES, INC.** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lewis County Opportunities, Inc. as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

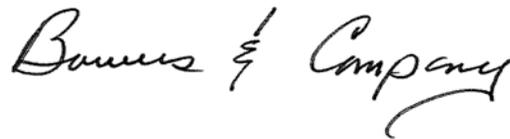
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Lewis County Opportunities, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 7, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2020, on our consideration of Lewis County Opportunities, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lewis County Opportunities Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lewis County Opportunities, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in black ink and is positioned to the right of the main text block.

Watertown, New York
May 4, 2020

LEWIS COUNTY OPPORTUNITIES, INC.

AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

December 31, 2019 with Comparative Totals for 2018

	2019	2018
ASSETS		
Unrestricted Cash and Cash Equivalents	\$ 485,930	\$ 340,587
Board Designated Deposits	41,700	31,993
Deposits Held in Trust	14,317	13,353
Certificates of Deposit	505,000	505,000
Grants Receivable	220,468	328,358
Accounts Receivable	66	2,809
Accrued Interest Income Receivable	3,670	1,241
Prepaid Expenses	843	1,068
Investments	160,380	126,212
Property Available for Lease, Net	3,026	3,549
Property and Equipment, Net	<u>324,572</u>	<u>309,868</u>
TOTAL ASSETS	<u><u>\$ 1,759,972</u></u>	<u><u>\$ 1,664,038</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 34,664	\$ 40,716
Accrued Payroll and Related Expenses	107,629	100,229
Accrued Expenses	71,695	71,890
Unearned Revenue	43,120	1,462
Deposits Held in Trust	<u>14,317</u>	<u>13,353</u>
Total Liabilities	<u>271,425</u>	<u>227,650</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	1,446,847	1,404,395
Board Designated	<u>41,700</u>	<u>31,993</u>
Total Net Assets Without Donor Restrictions	<u>1,488,547</u>	<u>1,436,388</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,759,972</u></u>	<u><u>\$ 1,664,038</u></u>

See notes to financial statements.

LEWIS COUNTY OPPORTUNITIES, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019 with Summarized Totals for December 31, 2018

	2019	2018
SUPPORT AND REVENUE		
Federal Grants	\$ 1,521,635	\$ 1,416,473
State and Local Grants	183,999	182,566
Program Service Fees	801,712	792,854
Donations	15,600	18,374
In-Kind Donations	94,736	137,244
Rental Revenue	7,200	7,200
Investment Income, Net	19,265	7,201
Gain (Loss) on Disposal of Property and Equipment	2	(2,011)
Net Realized and Unrealized Gain (Loss) on Investments	31,322	(6,571)
Other Income	624	-
	<hr/>	<hr/>
Total Support and Revenue	2,676,095	2,553,330
	<hr/>	<hr/>
EXPENSES		
Program Services:		
Family Services	289,027	298,665
Domestic Violence & Rape Crisis	350,049	336,828
Housing Assistance	1,252,229	1,129,202
Energy Conservation	373,889	402,626
Management and General	358,742	397,616
	<hr/>	<hr/>
Total Expenses	2,623,936	2,564,937
	<hr/>	<hr/>
CHANGE IN NET ASSETS	52,159	(11,607)
NET ASSETS, BEGINNING OF YEAR	1,436,388	1,447,995
	<hr/>	<hr/>
NET ASSETS, END OF YEAR	\$ 1,488,547	\$ 1,436,388
	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019 with Summarized Totals for December 31, 2018

	<u>Program Services</u>					Management and General	Totals	
	Family Services	Domestic Violence & Rape Crisis	Housing Assistance	Energy Conservation	Total		2019	2018 (Summarized)
Salaries and Wages	\$ 143,071	\$ 168,038	\$ 368,805	\$ 180,979	\$ 860,893	\$ 245,631	\$ 1,106,524	\$ 1,083,108
In-Kind Wages	-	87,380	-	-	87,380	-	87,380	81,962
Payroll Taxes and Benefits	31,701	35,558	69,869	36,519	173,647	23,320	196,967	227,205
Total Payroll and Related Expenses	<u>174,772</u>	<u>290,976</u>	<u>438,674</u>	<u>217,498</u>	<u>1,121,920</u>	<u>268,951</u>	<u>1,390,871</u>	<u>1,392,275</u>
Administrative Costs	-	-	-	791	791	997	1,788	2,865
Advertising	1,084	6,732	243	853	8,912	1,870	10,782	9,083
Conferences and Seminars	763	-	-	6,973	7,736	25	7,761	15,603
Consumer Housing / Other Assistance	32,777	5,569	696,406	1,411	736,163	-	736,163	608,668
Contracted Services	1,440	485	3,906	-	5,831	2,586	8,417	26,068
Copier Pooled Costs	1,387	623	1,890	492	4,392	-	4,392	3,619
Donations	-	-	-	-	-	7,713	7,713	55,514
Dues and Subscriptions	9,139	1,750	1,956	1,685	14,530	2,284	16,814	14,388
Insurance	3,317	2,181	8,087	6,387	19,972	4,816	24,788	26,255
Occupancy Pooled Costs	20,154	10,396	12,771	6,721	50,042	7,190	57,232	52,801
Office Expense	4,295	5,542	11,162	630	21,629	1,591	23,220	25,168
Postage and Printing	1,751	1,486	9,236	581	13,054	-	13,054	15,269
Professional Fees	1,713	1,655	19,136	413	22,917	34,129	57,046	47,542
Program Supplies and Expenses	21,723	8,415	4,405	103,671	138,214	2,057	140,271	140,279
Repairs and Maintenance	6,066	925	13,016	13,416	33,423	10,121	43,544	52,088
Telephone	1,537	4,451	3,981	1,268	11,237	720	11,957	10,729
Travel	48	774	2,285	5,484	8,591	-	8,591	9,140
Vehicle Pooled Costs	1,613	2,593	5,965	-	10,171	-	10,171	8,946
Volunteer and Employee Recognition	1,065	226	327	-	1,618	7,863	9,481	7,672
Depreciation	4,383	5,270	18,783	5,615	34,051	5,829	39,880	40,965
Total Expenses	<u>\$ 289,027</u>	<u>\$ 350,049</u>	<u>\$ 1,252,229</u>	<u>\$ 373,889</u>	<u>\$ 2,265,194</u>	<u>\$ 358,742</u>	<u>\$ 2,623,936</u>	<u>\$ 2,564,937</u>

See notes to financial statements.

LEWIS COUNTY OPPORTUNITIES, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2019 with Comparative Totals for 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grantors and Contributors	\$ 1,870,782	\$ 1,499,195
Cash Received from Service Recipients	813,243	794,030
Investment Income Received	16,836	9,621
Cash Paid to Employees and Suppliers	<u>(2,487,942)</u>	<u>(2,377,226)</u>
Net Cash Provided By (Used In) Operating Activities	<u>212,919</u>	<u>(74,380)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Certificates of Deposit and Investments	303,755	468,315
Purchase of Certificates of Deposit and Investments	(306,601)	(467,811)
Purchase of Property and Equipment	<u>(54,059)</u>	<u>(10,131)</u>
Net Cash Used In Investing Activities	<u>(56,905)</u>	<u>(9,627)</u>
Increase (Decrease) in Cash	156,014	(84,007)
Cash and Cash Equivalents, Beginning of Year	<u>385,933</u>	<u>469,940</u>
Cash and Cash Equivalents, End of Year	<u>\$ 541,947</u>	<u>\$ 385,933</u>
CASH AND CASH EQUIVALENTS		
Unrestricted Cash and Cash Equivalents	\$ 485,930	\$ 340,587
Board Designated Deposits	41,700	31,993
Deposits Held in Trust	<u>14,317</u>	<u>13,353</u>
Total Cash and Cash Equivalents	<u>\$ 541,947</u>	<u>\$ 385,933</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS – CONTINUED

Year Ended December 31, 2019 with Comparative Totals for 2018

	2019	2018
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in Net Assets	\$ 52,159	\$ (11,607)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	39,880	40,965
Unrealized (Gain) Loss on Investments	(27,621)	13,056
Realized (Gain) on Sale of Investments	(3,701)	(6,485)
(Gain) Loss on Sale/Disposal of Property and Equipment	(2)	2,011
(Increase) Decrease in Operating Assets:		
Grants Receivable	107,890	(91,410)
Accounts Receivable	2,743	(933)
Accrued Interest Income Receivable	(2,429)	2,420
Prepaid Expenses	225	4,002
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(6,052)	11,474
Accrued Payroll and Related Expenses	7,400	(7,759)
Accrued Expenses	(195)	1,785
Unearned Revenue	41,658	(26,808)
Deposits Held in Trust	964	(5,091)
	\$ 212,919	\$ (74,380)
Net Cash Provided By (Used In) Operating Activities	\$ 212,919	\$ (74,380)

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 1 – NATURE OF OPERATIONS

Lewis County Opportunities, Inc. (“the Organization”) is a non-profit community action agency operating since 1965. As a community action agency, the Organization is dedicated to the fulfillment of unmet human needs within its community which, depending on the service, encompasses Lewis and/or Jefferson Counties. To meet these needs, the Organization provides a variety of supportive services to families, with the intended outcome of a higher quality of life.

Services Include:

- **Family Services**, including Transportation Assistance Program, Representative Payee, Food Pantry, and a Child Passenger Safety Program.
- **Domestic Violence and Rape Crisis Services**, including a 24-hour crisis hotline, Crime Victims Assistance, Safe Dwelling, advocacy, counseling, therapy, information and referrals, transportation, and community education and outreach.
- **Housing Assistance**, including Section 8 rental subsidies to income eligible families in Lewis and Jefferson Counties, who reside in dwellings meeting HUD criteria, and other services such as Home Ownership, Family Self-Sufficiency, and Continuum of Care.
- **Energy Conservation**, through weatherization services, by providing home repairs to promote energy efficiency and also educating consumers on the benefits of energy conservation.

For the years ended December 31, 2019 and 2018, approximately 64% and 63%, respectively, of total support and revenue was provided by federal and state grants.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation

The Organization reports information regarding its financial position and activities according to one class: net assets without donor restrictions.

Net Assets Without Donor Restrictions: Are currently available for operating purposes subject only to the broad limits resulting from the nature of the Organization. Net assets without donor restrictions generally result from receiving contributions that have no donor restrictions, providing services, government grants and contracts, and receiving interest from operating investments, less expenses incurred in providing program-related services and performing administrative functions.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

New Accounting Pronouncement

On January 1, 2019, the Organization adopted ASU No. 2014-09, “*Revenue from Contracts with Customers*” (Topic 606) and all subsequent ASUs that modified Topic 606, which supersedes previous revenue recognition guidance. Topic 606, “*Revenue from Contracts with Customers*”, requires that an organization recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the organization expects to receive in exchange for those goods or services. On January 1, 2019, the Organization adopted Topic 606, using the modified retrospective method applied to contracts that were not completed as of January 1, 2019. Comparative financial information has not been restated and continues to be reported in accordance with the historic accounting under Topic 605. The Organization did not recognize any adjustment to the opening balance of net assets upon adoption of Topic 606. There was no material impact to the Organization’s net income on adoption of this new standard in 2019. As of January 1, 2019, the Organization had no material remaining performance obligations.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable represent amounts that have been billed under agency contracts but not collected as of the date of the financial statements. All grants receivable represents amounts owed by federal, state and local government agencies. Grants receivable are stated at the amount management expect to be collected from the outstanding balance. As of December 31, 2019 and 2018, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Accounts Receivable

Accounts receivable represent amounts that have been billed under agency contracts but not collected as of the date of the financial statements. Accounts receivable are stated at the amount management expect to be collected from the outstanding balance. As of December 31, 2019 and 2018, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair value.

Property and Equipment

Property and equipment acquired by the Organization is considered to be owned by the Organization. However, certain federal and state funding sources maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. These federal and state funding sources have a reversionary interest in those assets purchased with its funds.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment - Continued

Property and equipment are capitalized at cost and depreciated on a straight-line basis over the useful life of the assets as follows:

Buildings and Improvements	10-40 Years
Equipment	5-15 Years
Vehicles	5-7 Years

The Organization capitalizes property and equipment with the following characteristics:

- the item has a cost value of \$1,000 or greater;
- the item has an estimated useful life of one or more years; and
- the item is not appreciably affected by use or consumption.

Unearned Revenue

The Organization is the recipient of grants that require expenditure for specified activities before the Organization is reimbursed by the grantor for the costs incurred. Certain grantors pay in advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursable costs is reported as unearned revenue.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services and In-Kind Support

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue Recognition

In accordance with ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), the Organization recognizes revenue when control of the promised goods or service is transferred to the Organization's outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

Grants

The Organization receives substantially all of its revenue from cost-reimbursable grants and contracts with Federal, State, and County agencies and other private grantors, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Donations

Donations received are recorded as net assets without donor restrictions or net assets with donor restrictions based on the nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

Rental Revenue

Rental revenue is recognized for the period that the monthly rental payments cover.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services in accordance with various statistical bases. Building and property costs are allocated to programs based on square footage occupied. Agency vehicle costs are allocated based on actual miles driven. Postage and copier costs are allocated to programs based on actual usage. Telephone costs are allocated based on actual full-time employees funded by each program. Employee fringe benefits are allocated to programs using salaries and leave by employee classification as the base. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Statement of Cash Flows

The Organization had no noncash financing or investing transactions during the years ended December 31, 2019 and 2018.

Income Taxes and Open Tax Years

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization has adopted the provisions of Financial Accounting Standards Board Codification, "*Income Taxes*". In determining the recognition of uncertain tax positions, the Organization applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities.

The Organization recognizes potential liabilities associated with anticipated tax audit issues that may arise during an examination. Interest and penalties that are anticipated to be due upon examination are recognized as accrued interest and other liabilities with an offset to interest and other expense. The Organization analyzed its tax positions taken on their Federal and State tax returns for the open tax years 2016, 2017, and 2018. Based on this analysis, the Organization determined that there were no uncertain tax positions and that the Organization should prevail upon examination by the taxing authorities.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Date of Management’s Review

Management has evaluated subsequent events and transactions that occurred between December 31, 2019 through May 4, 2020, which is the date the financial statements were available to be issued. Management has determined such events have occurred, see Note 18 for a description of such events.

NOTE 3 – CERTIFICATES OF DEPOSIT

Certificates of deposit, valued at cost, totaled \$505,000 for both years ended December 31, 2019 and 2018 and are held at Morgan Stanley. The certificates bear interest ranging from 1.649% to 1.675% and have maturities ranging from one year to two years, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

NOTE 4 – GRANTS RECEIVABLE

Grants receivable consist of the following at December 31:

	2019	2018
NYS Department of State	\$ 30,818	\$ 754
NYS Office of Child and Family Services	8,032	39,925
NYS Housing and Community Renewal	11,821	152,562
Lewis County	8,122	7,293
NYS Division of Criminal Justice	28,495	-
Jefferson County Department of Social Services	104,523	103,392
NYS Office of Victim Services	28,657	17,509
Other	-	6,923
	-	6,923
Total Grants Receivable	\$ 220,468	\$ 328,358

LEWIS COUNTY OPPORTUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 5 – INVESTMENTS

Investments as of December 31, 2019 are summarized as follows:

	Cost	Fair Value	Carrying Value
Equity Securities	\$ 116,568	\$ 160,380	\$ 160,380

Investments as of December 31, 2018 are summarized as follows:

	Cost	Fair Value	Carrying Value
Equity Securities	\$ 112,554	\$ 126,212	\$ 126,212

The equity securities are held at Morgan Stanley. The Organization recognized an unrealized gain of \$27,621 for the year ended December 31, 2019 and an unrealized loss of \$13,056 for the year ended December 31, 2018. The Organization also recognized realized gains of \$3,701 and \$6,485 for the years ended December 31, 2019 and 2018, respectively. Expenses related to investment revenues, including custodial fees and investment advisory fees, amounted to \$2,515 and \$2,350 for the years ended December 31, 2019 and 2018, respectively, and have been netted against investment income in the accompanying Statement of Activities.

NOTE 6 – PROPERTY AVAILABLE FOR LEASE, NET

Property available for lease consists of the following at December 31:

	2019	2018
Building and Improvements	\$ 10,456	\$ 10,456
Less: Accumulated Depreciation	(7,430)	(6,907)
Total Property Available for Lease, Net	\$ 3,026	\$ 3,549

LEWIS COUNTY OPPORTUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 6 – PROPERTY AVAILABLE FOR LEASE, NET - Continued

The Organization leases the above building and improvements to a tenant under an operating lease with a three-year term, set to expire August 31, 2022. The following is a schedule of years for future minimum rentals under the lease as of December 31, 2019:

2020	\$	7,200
2021		7,200
2022		<u>4,800</u>
Total	\$	<u><u>19,200</u></u>

NOTE 7 – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at December 31:

	2019	2018
Land	\$ 10,550	\$ 10,550
Buildings and Improvements	843,350	834,203
Equipment	157,265	135,926
Vehicles	<u>220,473</u>	<u>252,543</u>
	1,231,638	1,233,222
Less: Accumulated Depreciation	<u>(907,066)</u>	<u>(923,354)</u>
Total Property and Equipment, Net	<u><u>\$ 324,572</u></u>	<u><u>\$ 309,868</u></u>

LEWIS COUNTY OPPORTUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 8 – UNEARNED REVENUE

Unearned revenue consists of the following funding sources at December 31:

	2019	2018
NYS Division of Housing & Community Renewal	\$ 36,034	\$ -
Lewis County	5,159	-
Other	<u>1,927</u>	<u>1,462</u>
Total Unearned Revenue	<u>\$ 43,120</u>	<u>\$ 1,462</u>

NOTE 9 – BOARD DESIGNATED NET ASSETS

During 2004, the Board designated certain unrestricted support and revenue from recurring programs with net asset balances to be used for those programs from which the funds were originally received. In accordance with generally accepted accounting principles, net assets associated with these board-designated amounts are classified as net assets without donor restrictions. A portion of the Organization's cash and cash equivalents are set aside to fund these designations. A summary of board designated net assets, as of December 31 is as follows:

	2019	2018
DV Unrestricted	\$ 1,356	\$ 1,355
Food Pantry	1,003	1,000
Critical Needs	20,000	25,529
Thrift Store	<u>19,341</u>	<u>4,109</u>
Total Board Designated Net Assets	<u>\$ 41,700</u>	<u>\$ 31,993</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 10 – GRANT REVENUES

The Organization was primarily funded through the following restricted grants during the years ended December 31, 2019 and 2018 as follows:

Funding Source	Grant Name	State and Local Grants	
		2019	2018
NYS Crime Victims Board	Crime Victim Assistance	\$ 17,004	\$ 14,093
NYS Division of Criminal Justice	Legislative Initiatives and Rape Crisis	101,936	106,976
Other State and Local Sources	Various	<u>65,059</u>	<u>61,497</u>
Total State & Local Grants		<u><u>\$ 183,999</u></u>	<u><u>\$ 182,566</u></u>

Funding Source	Grant Name	Federal Grants	
		2019	2018
NYS Division of Housing & Community Renewal	HEAP Weatherization	\$ 244,505	\$ 234,490
NYS Department of State	Weatherization Assistance	140,339	171,653
NYS Crime Victims Board	CSBG	267,737	260,630
NYS Department of Child & Family Services	Crime Victim Assistance	68,018	56,373
NYS Department of Child & Family Services	DV TANF/DSS	34,970	36,074
NYS Division of Criminal Justice	Family Violence Prevention	29,880	30,537
National Board Program	Violence Against Women	21,652	21,841
County of Jefferson	Emergency Food & Shelter	22,585	7,774
NYS Traffic Safety	Continuum of Care	687,199	592,151
	Child Passenger Safety	<u>4,750</u>	<u>4,950</u>
Total Federal Grants		<u><u>\$ 1,521,635</u></u>	<u><u>\$ 1,416,473</u></u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 11 – PROGRAM SERVICE FEES

The Organization received service fees for the following programs during the years ended December 31, 2019 and 2018 as follows:

	2019	2018
Housing Assistance Program:		
Jefferson County	\$ 541,087	\$ 545,682
Lewis County	164,355	183,984
Other Sources	96,270	63,188
	<u> </u>	<u> </u>
Total Program Service Fees	<u>\$ 801,712</u>	<u>\$ 792,854</u>

NOTE 12 – IN-KIND DONATIONS

The Organization recognizes in-kind donations from its volunteer certified rape crisis counselors, who must obtain forty hours of training in rape crisis and twenty hours of training in domestic violence. The total value of donated services recognized for the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Certified Rape Crisis Counselors	<u>\$ 87,380</u>	<u>\$ 81,962</u>

Donated services have been included as in-kind wages on the Statement of Functional Expenses.

The Organization also receives in-kind donations of goods that are included in in-kind donations and grant revenues to meet matching requirements for certain grants. The value of these goods was estimated at \$18,413 and \$64,141 for the years ended December 31, 2019 and 2018, respectively. The Organization uses value of goods provided by the donor or thrift shop value to assign estimated value of goods received.

NOTE 13 – ADVERTISING

The Organization uses advertising to promote its programs among the audience it serves. The production costs of advertising are expensed as incurred. During the years ended December 31, 2019 and 2018, advertising costs totaled \$10,782 and \$9,083, respectively.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 14 – EMPLOYEES' RETIREMENT PLAN

The Organization participates in a 401(k)-profit sharing plan whereby the Organization contributes an annually determined percentage of salaries for each qualifying employee for retirement benefits. An employee becomes eligible to participate upon working 1,000 hours within a twelve-month period, effective from the employee's date of hire, and annually subsequent to that based on the plan year. All contributions to the plan are made by the Organization. During the years ended December 31, 2019 and 2018, the Organization contributed \$54,985 and \$54,263, respectively, to the plan.

NOTE 15 – CONCENTRATION OF CREDIT RISK

The Organization has cash and cash equivalents held in accounts at a local bank with bank balances of \$212,234 and \$236,039 at December 31, 2019 and 2018, respectively. Uninsured and uncollateralized amounts at December 31, 2019 and 2018 totaled \$-0- for both years.

The Organization also has accounts at Morgan Stanley in the amount of \$1,005,983 and \$794,742 at December 31, 2019 and 2018, respectively. Morgan Stanley is a member of the Securities Investor Protection Corporation ("SIPC"). The coverage is \$500,000, of which up to \$250,000 may be invested in cash. Morgan Stanley has obtained additional private insurance in excess of SIPC coverage, which provides an additional \$1 billion of coverage, limited to \$1.9 million per customer. Therefore, the full balances at Morgan Stanley are insured as of December 31, 2019 and 2018.

NOTE 16 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Accounting Standards Codification No. 820, "*Fair Value Measurements*" defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value instruments. That standard provides a consistent definition of fair values, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of the information used in the valuation of an asset or liability as of the measurement date.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 16 – FAIR VALUE MEASUREMENTS - Continued

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2 Inputs, including broker quotes, are generally those other than exchanged quoted prices in active markets, which are either directly or indirectly observable as of the reporting date and fair value is determined through the use of models or other valuation methodologies.
- Level 3 Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment of estimation. Investments included in this category generally include privately held investments and partnership interests.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

Equity Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Equity Securities	<u>\$ 160,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,380</u>

The Organization's assets at fair value as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Equity Securities	<u>\$ 126,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,212</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 17 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity so that it is able to meet the operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The following table reflects the Organization’s financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date.

	2019	2018
Financial Assets:		
Unrestricted Cash And Cash Equivalents	\$ 485,930	\$ 340,587
Board Designated Deposits	41,700	31,993
Certificates of Deposits	505,000	505,000
Deposits Held in Trust	14,317	13,353
Grants Receivable	220,468	328,358
Accounts Receivable	66	2,809
Accrued Interest Income Receivable	3,670	1,241
Investments	160,380	126,212
Total Financial Assets as of December 31	<u>1,431,531</u>	<u>1,349,553</u>
Less those Unavailable for General Expenditures Within One Year:		
Board Designated Deposits	(41,700)	(31,993)
Certificates of Deposit with Maturities in Excess of One Year	(145,000)	(245,000)
Deposits Held In Trust	(14,317)	(13,353)
Total Financial Assets Unavailable for General Expenditures Within One Year	<u>(201,017)</u>	<u>(290,346)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,230,514</u>	<u>\$ 1,059,207</u>

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures through ongoing grant and program income.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 with Comparative Totals for 2018

NOTE 18 – SUBSEQUENT EVENTS

In recent weeks, the COVID-19 outbreak in the United States has resulted in business disruption. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Organization expects this matter to negatively impact its operating results and financial condition, the related financial impact and duration cannot be reasonably estimated at this time.



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CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**TO THE BOARD OF DIRECTORS
LEWIS COUNTY OPPORTUNITIES, INC.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lewis County Opportunities, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 4, 2020.

Internal Control Over Financial Reporting

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

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

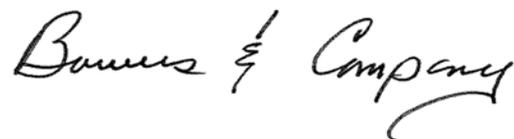
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Lewis County Opportunities, Inc.'s 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 *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.

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in black ink and is positioned to the right of the main text block.

Watertown, New York
May 4, 2020



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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 DIRECTORS
LEWIS COUNTY OPPORTUNITIES, INC.**

Report on Compliance for Each Major Federal Program

We have audited Lewis County Opportunities, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lewis County Opportunities, Inc.'s major federal programs for the year ended December 31, 2019. Lewis County Opportunities, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 Lewis County Opportunities, 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 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 Lewis County Opportunities, 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 on Lewis County Opportunities, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Lewis County Opportunities, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Lewis County Opportunities, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lewis County Opportunities, 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 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 Lewis County Opportunities, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Banner & Company

Watertown, New York
May 4, 2020

LEWIS COUNTY OPPORTUNITIES, INC.

ADDITIONAL REPORTS REQUIRED BY THE SINGLE AUDIT ACT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2019

Federal Grantor/Pass-through Grant/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Health and Human Services			
Passed Through NYS Department of State:			
477 Cluster:			
Community Services Block Grant	93.569	C1000763	\$ 206,032
Community Services Block Grant	93.569	C1001468	61,705
Total 477 Cluster			267,737
Passed Through NYS Division of Housing & Community Renewal:			
Low-Income Home Energy Assistance	93.568	C093350-18	58,971
Low-Income Home Energy Assistance	93.568	C093350-19	185,534
Passed Through NYS Office of Child & Family Services:			
Family Violence Prevention & Services	93.671	C027493	29,880
Passed Through County of Lewis:			
Temporary Assistance for Needy Families	93.558	N/A	25,370
Non Residential	93.667	N/A	9,600
Total U.S. Department of Health and Human Services			577,092
U.S. Department of Energy			
Passed Through NYS Division of Housing & Community Renewal:			
Weatherization Assistance for Low-Income Persons	81.042	C093350-19	140,339
Total U.S. Department of Energy			140,339
U.S. Department of Homeland Security			
Emergency Food & Shelter National Board Program	97.024	N/A	22,585
Total U.S. Department of Homeland Security			22,585
U.S. Department of Justice			
Passed Through NYS Office of Victim Services:			
Crime Victim Services	16.575	C100066	68,018
Passed Through NYS Division of Criminal Justice:			
Violence Against Women Formula Grants	16.588	C652050	21,652
Total U.S. Department of Justice			89,670
Subtotal to Next Page			\$ 829,686

See Paragraph on Supplementary Information Included in Independent Auditor's Report and
Accompanying Notes to the Schedule of Expenditures of Federal Awards.

LEWIS COUNTY OPPORTUNITIES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2019

Federal Grantor/Pass-through Grant/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Subtotal from Previous Page			<u>\$ 829,686</u>
U.S. Department of Transportation			
Passed Through NYS Governors Traffic Safety Committee:			
National Priority Safety Programs	20.616	I-00042-025	<u>4,750</u>
Total U.S. Department of Transportation			<u>4,750</u>
U.S. Department of Housing & Urban Development			
Passed Through County of Jefferson, New York:			
Continuum of Care Program	14.267	N/A	<u>687,199</u>
Total U.S. Department of Housing & Urban Development			<u>687,199</u>
Total Federal Awards			<u><u>\$ 1,521,635</u></u>

See Paragraph on Supplementary Information Included in Independent Auditor's Report and
Accompanying Notes to the Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2019

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lewis County Opportunities, Inc. under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lewis County Opportunities, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

Lewis County Opportunities, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Lewis County Opportunities, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements of Lewis County Opportunities, Inc. were disclosed during the audit. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Lewis County Opportunities, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance with Requirements for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award programs for Lewis County Opportunities, Inc. expresses an unmodified opinion on the major federal programs.
6. The programs tested as major programs include:

Weatherization Assistance for Low-Income Persons	81.042
Low-Income Home Energy Assistance	93.568
7. The threshold used for distinguishing between Type A and B programs was \$750,000.
8. Lewis County Opportunities, Inc. was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings to report.

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

No findings to report.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2019

There were no prior year audit findings.



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CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

May 4, 2020

To the Board of Directors
Lewis County Opportunities, Inc.

We have audited the financial statements of Lewis County Opportunities, Inc. for the year ended December 31, 2019, and have issued our report thereon dated May 4, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 2, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Lewis County Opportunities, Inc. are described in Note 2 to the financial statements. As described in Note 2, the Organization changed accounting policies related to revenue recognition by adopting FASB Accounting Standards Update (ASU) 2014-19, *Revenue from Contracts with Customers (Topic 606)* in 2019. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation of fixed assets is based on estimated useful lives. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

To the Board of Directors
Lewis County Opportunities, Inc.
May 4, 2020
Page 2

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatement detected as a result of audit procedures was corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 4, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the Board of Directors
Lewis County Opportunities, Inc.
May 4, 2020
Page 3

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Lewis County Opportunities, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bowers & Company

To the Board of Directors
Lewis County Opportunities, Inc.
May 4, 2020
Page 4

Attached Material Misstatement:

Adjusting Journal Entries JE # 4

To capitalize the Fiber optic system upgrade

13200 Equipment	25,838.00	
53000 Equipment < 1,000		8,572.00
53100 Equipment > 1,000		1,960.00
54900 Contracted Services		15,306.00
Total	<u>25,838.00</u>	<u>25,838.00</u>