

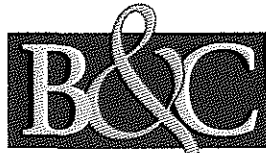
LEWIS COUNTY
OPPORTUNITIES, INC.

FINANCIAL STATEMENTS
December 31, 2016

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LEWIS COUNTY OPPORTUNITIES, INC.

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**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS · BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

**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, 2016 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, 2016 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.

Report on Summarized Comparative Information

We have previously audited Lewis County Opportunities, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 25, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

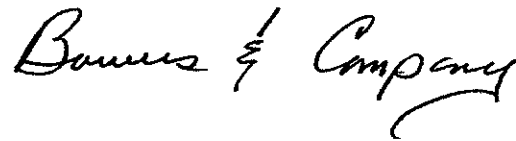
Other Matters

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 (CFR) 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2017, 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 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 Lewis County Opportunities, Inc.'s internal control over financial reporting and compliance.

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

Watertown, New York
May 3, 2017

LEWIS COUNTY OPPORTUNITIES, INC.**AUDITED FINANCIAL STATEMENTS****STATEMENT OF FINANCIAL POSITION**

December 31, 2016 with Comparative Totals for 2015

ASSETS

	2016	2015
Unrestricted Cash and Cash Equivalents	\$ 437,587	\$ 448,961
Certificates of Deposit	505,000	505,000
Board Designated Deposits	33,094	67,081
Deposits Held in Trust	19,763	40,770
Grants Receivable	166,905	116,738
Accounts Receivable	1,810	395
Accrued Interest Income Receivable	3,248	3,361
Prepaid Expenses	13,420	5,049
Investments	110,700	101,527
Property Available for Lease, Net	4,595	5,117
Property and Equipment, Net	<u>378,953</u>	<u>406,860</u>
TOTAL ASSETS	<u><u>\$ 1,675,075</u></u>	<u><u>\$ 1,700,859</u></u>

LIABILITIES AND NET ASSETS**LIABILITIES**

Accounts Payable	\$ 28,508	\$ 15,287
Accrued Payroll and Related Expenses	107,758	100,556
Accrued Expenses	68,109	67,757
Deferred Revenue	20,071	61,060
Deposits Held in Trust	<u>19,763</u>	<u>40,770</u>
Total Liabilities	<u>244,209</u>	<u>285,430</u>

NET ASSETS

Unrestricted		
Undesignated	1,397,772	1,343,944
Board Designated	<u>33,094</u>	<u>67,081</u>
Total Unrestricted Net Assets	1,430,866	1,411,025
Temporarily Restricted	<u>-</u>	<u>4,404</u>
Total Net Assets	<u>1,430,866</u>	<u>1,415,429</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,675,075</u></u>	<u><u>\$ 1,700,859</u></u>

See notes to financial statements.

LEWIS COUNTY OPPORTUNITIES, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016 with Summarized Totals for 2015

	Unrestricted	Temporarily Restricted	Totals 2016	Totals 2015 (Summarized)
SUPPORT AND REVENUE				
Federal Grants	\$ 1,338,147	\$ -	\$ 1,338,147	\$ 1,206,413
State and Local Grants	145,803	-	145,803	77,066
Program Service Fees	911,775	-	911,775	850,733
Donations	15,330	-	15,330	13,223
In-Kind Donations	86,613	-	86,613	88,263
Rental Revenue	7,200	-	7,200	7,200
Investment Income	8,828	-	8,828	7,504
Gain on Disposal of Property & Equipment	555	-	555	-
Net Realized/Unrealized				
Gain (Loss) on Investment	6,509	-	6,509	(4,239)
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	4,404	(4,404)	-	-
	<u>2,525,164</u>	<u>(4,404)</u>	<u>2,520,760</u>	<u>2,246,163</u>
EXPENSES				
Program Services:				
Family Services	290,557	-	290,557	302,907
Domestic Violence & Rape Crisis	284,159	-	284,159	282,453
Housing Assistance	1,104,356	-	1,104,356	1,009,040
Energy Conservation	444,477	-	444,477	372,417
Management and General	381,774	-	381,774	325,835
	<u>2,505,323</u>	<u>-</u>	<u>2,505,323</u>	<u>2,292,652</u>
Change in Net Assets	19,841	(4,404)	15,437	(46,489)
Net Assets, Beginning of Year	<u>1,411,025</u>	<u>4,404</u>	<u>1,415,429</u>	<u>1,461,918</u>
Net Assets, End of Year	<u>\$ 1,430,866</u>	<u>\$ -</u>	<u>\$ 1,430,866</u>	<u>\$ 1,415,429</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016 with Summarized Totals for 2015

	Program Services					Management and General	Totals	
	Family Services	Domestic Violence & Rape Crisis	Housing Assistance	Energy Conservation	Total		2016	2015 (Summarized)
Salaries and Wages	\$ 132,100	\$ 120,784	\$ 373,215	\$ 195,901	\$ 822,000	\$ 258,252	\$ 1,080,252	\$ 1,078,357
In-Kind Wages	-	79,851	-	-	79,851	-	79,851	82,086
Payroll Taxes & Employee Fringe	29,509	26,982	75,487	39,660	171,638	57,994	229,632	214,782
Advertising	1,095	5,625	666	73	7,459	891	8,350	6,608
Dues and Subscriptions	6,105	1,166	2,005	3,824	13,100	5,373	18,473	13,831
Professional Fees	-	-	-	-	-	13,200	13,200	13,464
Conferences and Seminars	2,212	-	18	9,694	11,924	5,874	17,798	5,859
Program Supplies and Expense	25,448	12,856	3,022	102,789	144,115	1,358	145,473	109,836
Repairs and Maintenance	12,335	2,035	6,384	15,031	35,785	5,355	41,140	24,088
Insurance	3,178	1,019	6,893	4,711	15,801	7,439	23,240	20,602
Office Expense	4,986	1,657	9,818	759	17,220	422	17,642	16,149
Postage and Printing	2,165	2,225	11,173	444	16,007	-	16,007	15,010
Contracted Services	-	4,005	3,313	44,163	51,481	10,363	61,844	26,869
Volunteer & Employee Recognition	1,973	162	-	-	2,135	3,592	5,727	7,163
Travel	-	1,280	1,526	5,175	7,981	-	7,981	8,760
Telephone	1,541	4,157	3,709	893	10,300	-	10,300	9,335
Consumer Housing/Other Assistance	29,872	2,088	571,221	978	604,159	-	604,159	493,630
Consumer Vehicle Loans & Repairs	-	-	-	-	-	-	-	12,890
Donations	6,762	-	-	-	6,762	51	6,813	6,627
Administrative Costs	-	-	-	-	-	2	2	53
Copier Pooled Costs	1,228	1,103	1,023	248	3,602	-	3,602	-
Vehicle Pooled Costs	2,528	3,433	3,670	-	9,631	25	9,656	9,004
Occupancy Pooled Costs	17,911	8,882	11,394	6,061	44,248	4,772	49,020	53,516
	280,948	279,310	1,084,537	430,404	2,075,199	374,963	2,450,162	2,228,519
Depreciation	9,609	4,849	19,819	14,073	48,350	6,811	55,161	64,133
Total	\$ 290,557	\$ 284,159	\$ 1,104,356	\$ 444,477	\$ 2,123,549	\$ 381,774	\$ 2,505,323	\$ 2,292,652

See notes to financial statements.

LEWIS COUNTY OPPORTUNITIES, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2016 with Comparative Totals for 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grantors and Contributors	\$ 1,408,124	\$ 1,468,081
Cash Received from Service Recipients	951,547	852,311
Investment Income Received	8,941	7,248
Cash Paid to Employees and Suppliers	<u>(2,351,145)</u>	<u>(2,133,920)</u>
Net Cash Received From Operating Activities	<u>17,467</u>	<u>193,720</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Certificates of Deposit and Investments	200,431	274,694
Net Purchases of Investment and Certificates of Deposit	(203,094)	(273,345)
Net Purchase of Property and Equipment	<u>(26,178)</u>	<u>(49,233)</u>
Net Cash Used In Investing Activities	<u>(28,841)</u>	<u>(47,884)</u>
Increase (Decrease) in Cash	(11,374)	145,836
Cash, Beginning of Year	<u>448,961</u>	<u>303,125</u>
Cash, End of Year	<u>\$ 437,587</u>	<u>\$ 448,961</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	15,437	(46,489)
Reconciliation of Change in Net Assets to Net Cash Used In Operating Activities:		
Depreciation	55,161	64,133
Unrealized Loss (Gain) on Investments	(6,509)	4,239
Gain on Sale/Disposal of Fixed Assets	(555)	-
(Increase) Decrease in Operating Assets:		
Grants Receivable	(50,167)	111,666
Accounts Receivable	(1,415)	14,842
Accrued Interest Income Receivable	113	(256)
Prepaid Expenses	(8,371)	(3,477)
Deposits Held in Trust	21,007	(23,128)
Board Designated Deposits	33,987	(11,949)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	13,221	73
Accrued Payroll and Related Expenses	7,202	8,020
Accrued Expenses	352	1,720
Deferred Revenue	(40,989)	51,198
Deposits Held in Trust	<u>(21,007)</u>	<u>23,128</u>
Net Cash Received From Operating Activities	<u>\$ 17,467</u>	<u>\$ 193,720</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 with Comparative Totals for 2015

NOTE 1 – NATURE OF OPERATIONS

Lewis County Opportunities, Inc. (the Organization) is a non-profit community action agency 501(c)(3) 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, 2016 and 2015, approximately 59% and 57%, 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.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 with Comparative Totals for 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation

Financial statement presentation is in accordance with FASB Accounting Standards Codification (ASC) 958, "*Not-for-Profit Organizations*". Under ASC 958-205, the Organization 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.

Use of 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. Actual results could differ from those estimates.

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, 2015, from which the summarized information was derived.

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.

The Organization has cash and cash equivalents held in several checking accounts at a local bank with a bank balance of \$258,883 and \$254,165 at December 31, 2016 and 2015 respectively. Uninsured and uncollateralized amounts at December 31, 2016 and 2015 totaled \$8,883 and \$4,165 respectively.

The Organization also has cash in the amount of \$241,414 and \$259,478 at December 31, 2016 and 2015, respectively, in money fund accounts at Morgan Stanley, who is a member of the Securities Investor Protection Corporation ("SIPC"). The coverage is \$500,000, of which up to \$250,000 may be invested cash.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 with Comparative Totals for 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services

Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification (ASC) 958, "*Not-for-Profit Organizations*". Under ASC 958, contributions are recognized if the donated 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. Volunteers also provided other services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under ASC 958 were not met.

Property and Equipment

Property and Equipment acquired by the Organization is considered to be owned by the Organization. However, certain federal 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 funding sources have a reversionary interest in those assets purchased with its funds.

Property and Equipment is 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 with Comparative Totals for 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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. 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.

Income Taxes

The Organization is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, no provision has been made for Federal or State taxes.

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 2013, 2014, and 2015. 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.

NOTE 3 – CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$505,000 at December 31, 2016 and 2015, are held at Morgan Stanley. The certificates bear interest ranging from 1.050% to 1.700% and have maturities ranging from two years to three years, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. The certificates are fully insured by the FDIC.

LEWIS COUNTY OPPORTUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 with Comparative Totals for 2015

NOTE 4 - GRANTS RECEIVABLE

Grants receivable consist of the following at December 31:

	2016	2015
NYS Department of State	\$ 3,737	\$ 14,271
NYS Office of Child & Family Services	7,390	8,136
NYS Department of Health	6,496	-
NYS Housing and Community Renewal	9,171	23,185
Lewis County	3,428	2,340
NYS Division of Criminal Justice	15,435	32,486
Jefferson County Department of Social Services	112,204	35,329
NYS Office of Victim Services	5,731	-
Other	3,313	991
	<hr/>	<hr/>
Total Grants Receivable	\$ 166,905	\$ 116,738

NOTE 5 – PROPERTY AVAILABLE FOR LEASE

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

	2016	2015
Building and Improvements	\$ 10,456	\$ 10,456
Less: Accumulated Depreciation	<hr/> (5,861)	<hr/> (5,339)
Net Property Available For Lease	<hr/> \$ 4,595	<hr/> \$ 5,117

Minimum future rentals are as follows:

2017	\$ 7,200
2018	7,200
2019	<hr/> 4,800
	<hr/> \$ 19,200

LEWIS COUNTY OPPORTUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 with Comparative Totals for 2015

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2016	2015
Building and Improvements	\$ 845,353	\$ 843,577
Equipment	139,996	134,330
Vehicles	255,943	244,322
	<u>1,241,292</u>	<u>1,222,229</u>
Less: Accumulated Depreciation	<u>(862,339)</u>	<u>(815,369)</u>
Net Property and Equipment	<u>\$ 378,953</u>	<u>\$ 406,860</u>

NOTE 7 – INVESTMENTS

	<u>Market Value</u>	<u>Cost</u>
2016		
Equity Securities	<u>\$ 110,700</u>	<u>\$ 96,262</u>
2015		
Equity Securities	<u>\$ 101,527</u>	<u>\$ 94,369</u>

The stocks are held at Morgan Stanley. The Organization recognized an unrealized gain (loss) of \$5,286 and \$(8,732) for the years ended December 31, 2016 and 2015, respectively. The Organization also recognized realized gains of \$1,223 and \$4,493 for the years ended December 31, 2016 and 2015, respectively.

NOTE 8 – DEFERRED REVENUE

Deferred grant funds and other revenue consist of the following at December 31:

	2016	2015
NYS Housing and Community Renewal	\$ 1,815	\$ 37,810
NYS Office of Victim Services	16,405	11,796
Various Other Revenue	1,851	11,454
	<u>\$ 20,071</u>	<u>\$ 61,060</u>

LEWIS COUNTY OPPORTUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 with Comparative Totals for 2015

NOTE 9 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of program income as follows:

	2016	2015
Weatherization Program	\$ -	\$ 1,807
Homeless Initiative	-	2,597
	<hr/>	<hr/>
Total Temporarily Restricted Net Assets	<u>\$ -</u>	<u>\$ 4,404</u>

NOTE 10 – BOARD DESIGNATED NET ASSETS

During 2004, the Board designated certain unrestricted net assets from recurring programs with net asset balances to be used for those programs for which the funds were originally received. A summary of board designated net assets, as of December 31, 2016 and 2015, is as follows:

	2016	2015
DV Unrestricted	\$ (5,636)	\$ 10,127
Food Pantry	2,600	2,779
Critical Needs	24,513	20,932
Agency Vehicle Repair/Loan Program	-	18,072
Thrift Store	9,757	14,667
United Way Transportation	1,860	504
	<hr/>	<hr/>
Total Board Designated Net Assets	<u>\$ 33,094</u>	<u>\$ 67,081</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 with Comparative Totals for 2015

NOTE 11 – PROGRAM INCOME

The Organization received program income during the years ended December 31, 2016 and 2015 as follows:

	2016	2015
Housing Assistance Program:		
Jefferson County	\$ 590,231	\$ 566,435
Lewis County	183,499	161,186
Other Sources	138,025	123,112
Total Program Income	\$ 911,755	\$ 850,733

NOTE 12 – SUMMARY OF GRANTS

The Organization was primarily funded through the following restricted grants during the years ended December 31, 2016 and 2015 as follows:

Funding Source	Grant Name	Federal Grant Recognized	
		2016	2015
NYS Division of Housing & Community Renewal	HEAP Weatherization	\$ 214,375	\$ 218,272
	Weatherization Assistance	147,602	118,084
NYS Department of State	CSBG	248,240	220,601
NYS Crime Victims Board	Crime Victim Assistance	46,770	40,544
NYS Department of Health	Rape Crisis (Help Line)	-	8,707
NYS Department of Child & Family Services	DV TANF/DSS	45,259	45,806
	Family Violence Prevention	28,028	29,734
NYS Division of Criminal Justice	Violence Against Women	21,014	22,296
National Board Program	Emergency Food & Shelter	1,055	13,354
County of Jefferson	Continuum of Care	575,594	477,934
NYS Coalition Against Sexual Assault Organization	Sexual Assault Services	6,400	5,291
NYS Traffic Safety	Child Passenger Safety	3,810	5,790
Total Federal Grant Revenue		\$ 1,338,147	\$ 1,206,413

LEWIS COUNTY OPPORTUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 with Comparative Totals for 2015

NOTE 12 – SUMMARY OF GRANTS - Continued

Funding Source	Grant Name	State/Local Grant Recognized	
		2016	2015
NYS Crime Victims Board	Crime Victim Assistance	\$ 11,693	\$ 10,136
NYS Department of Health	Rape Crisis (Help Hotline)	18,185	8,708
NYS Division of Criminal Justice	Legislative Initiatives	35,499	30,798
NYS Division of Housing & Community Renewal	Restore	44,445	-
Other State and Local Sources	Various	35,981	27,424
Total State & Local Grant Revenue		\$ 145,803	\$ 77,066

NOTE 13 – 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, 2016 and 2015 is as follows:

	2016	2015
Certified Rape Crisis Counselors	\$ 79,851	\$ 82,086

Donated services have been included as in-kind wages, in the financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 with Comparative Totals for 2015

NOTE 13 – IN-KIND DONATIONS - Continued

The Organization also receives in-kind donations of goods that are included in revenue to meet matching requirements for certain grants. The value of these goods was estimated at \$6,762 and \$6,177 for the years ended December 31, 2016 and 2015, respectively. The Organization uses value of goods provided by the donor or thrift shop value to assign estimated value of goods received.

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, 2016 and 2015, the Organization contributed \$54,046 and \$53,935, respectively, to the plan.

NOTE 15 – ADVERTISING COSTS

The Organization uses advertising to promote its programs among the audience it serves. The production cost of advertising is expensed as incurred. During the years ended December 31, 2016 and 2015, advertising costs totaled \$8,350 and \$6,608, respectively.

NOTE 16 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Codification, "*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, 2016 with Comparative Totals for 2015

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, 2016.

Equity Securities, Certificates of Deposit: 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 with Comparative Totals for 2015

NOTE 16 – FAIR VALUE MEASUREMENTS - Continued

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2016:

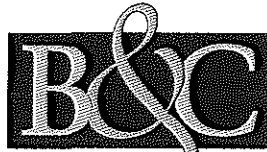
	Level 1	Level 2	Level 3	Total
Equity Securities, Certificates of Deposit	\$ 615,700	\$ -	\$ -	\$ 615,700
Total Assets at Fair Value	<u>\$ 615,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 615,700</u>

The Organization's assets at fair value as of December 31, 2015:

	Level 1	Level 2	Level 3	Total
Equity Securities, Certificates of Deposit	\$ 606,527	\$ -	\$ -	\$ 606,527
Total Assets at Fair Value	<u>\$ 606,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 606,527</u>

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 3, 2017, which is the date the financial statements were available to be issued.



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CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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

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, 2016, 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 3, 2017.

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.

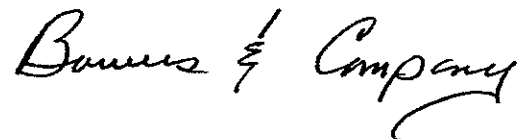
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 black ink that reads "Bowers & Company". The signature is written in a cursive, flowing style.

Watertown, New York
May 3, 2017

LEWIS COUNTY OPPORTUNITIES, INC.

ADDITIONAL REPORTS REQUIRED BY THE SINGLE AUDIT ACT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2016

	Federal CFDA Number (1)	Pass-Through Grantor Number	Disbursements/ Expenditures
U.S. Department of Health and Human Services			
Passed Through NYS Department of State:			
Community Services Block Grant	I 93.569	T1000843	\$ 21,301
Community Services Block Grant	I 93.569	C1000300	164,677
Community Services Block Grant	I 93.569	C1000763	62,262
Passed Through NYS Housing & Community Renewal:			
Low-Income Home Energy Assistance	I 93.568	C092035-15	78,544
Low-Income Home Energy Assistance	I 93.568	C092035-16	135,831
Passed Through NYS Office of Child & Family Services:			
Family Violence Prevention & Services	I 93.671	C027493	28,028
Passed Through County of Lewis:			
Domestic Violence - TANF	I 93.558	N/A	21,259
Domestic Violence - TANF	I 93.558	N/A	24,000
Total U.S. Department of Health and Human Services			535,902
U.S. Department of Energy			
Passed Through NYS Housing & Community Renewal:			
Weatherization Assistance for Low-Income Persons	I 81.042	C092035-16	147,602
Total U.S. Department of Energy			147,602
U.S. Department of Homeland Security			
Emergency Food & Shelter National Board Program	D 97.024	N/A	1,055
Total U.S. Department of Homeland Security			1,055
U.S. Department of Justice			
Passed Through NYS Coalition Against Sexual Assault Organization:			
Sexual Assault Services Formula Program	I 16.017	N/A	6,400
Passed Through NYS Office of Victim Services:			
Crime Victim Services	I 16.575	C100066	46,770
Passed Through NYS Division of Criminal Justice:			
Violence Against Women Formula Grants	I 16.588	C652050	21,014
Total U.S. Department of Justice			74,184

LEWIS COUNTY OPPORTUNITIES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2016

	Federal CFDA Number (1)	Pass-Through Grantor Number	Disbursements/ Expenditures
U.S. Department of Transportation			
Passed Through NYS Governors Traffic Safety Committee:			
State and Community Highway Safety	I	20.600	I-00177-(025) <u>3,810</u>
Total U.S. Department of Transportation			<u>3,810</u>
U.S. Department of Housing & Urban Development			
Passed Through County of Jefferson, New York:			
Continuum of Care Program	I	14.267	N/A <u>575,594</u>
Total U.S Department of Housing & Urban Development			<u>575,594</u>
Total Federal Awards			<u><u>1,338,147</u></u>

(1) Catalog of Federal Domestic Assistance Number

I Indirect Awards (Pass Through)

D Direct Awards

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2016

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs administered by Lewis County Opportunities, Inc., a nonprofit organization as defined in Note 1 to Lewis County Opportunities, Inc.'s financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government and nonprofit agencies, are included on the schedule of expenditures of federal awards. 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 Lewis County Opportunities, Inc., 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 - BASIS OF ACCOUNTING

Revenue and expenses are recognized on the accrual basis of accounting. Revenue is recorded in the period earned and expenses are recorded as incurred.

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

NOTE C - MATCHING COSTS

Matching costs, i.e. Lewis County Opportunities, Inc.'s share of certain program costs, are not included in the reported expenditures.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

**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, 2016. Lewis County Opportunities, Inc.'s major federal programs are identified in the summary of audit 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 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 the 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, 2016.

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.

Bowers & Company

Watertown, New York
May 3, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2016

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Lewis County Opportunities, Inc.
2. No significant deficiencies relating to the audit of 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.
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.
6. The programs tested as major programs include:

Continuum of Care Program	14.267
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7. The threshold used for distinguishing between Type A and B programs was \$750,000.
8. Lewis County Opportunities, Inc. qualifies as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

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

None.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2016

There were no prior year audit findings.