

**LOWCOUNTRY COMMUNITY
ACTION AGENCY, INC.**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2012

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Year Ended December 31, 2012

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT1

EXHIBITS

A Statement of Financial Position4
B Statement of Activities.....5
C Statement of Functional Expenses6
D Statement of Cash Flows7

NOTES TO FINANCIAL STATEMENTS8

SCHEDULES

1-2 Community Services Block Grant Program12
3-4 Low Income Home Energy Assistance Program
(including Project Share)14
5-8 Weatherization Assistance Program16
9-11 Head Start Program.....20
12-13 Emergency Shelter Program23
14 Homeless Prevention/Rapid Re-housing Program.....25
15 Other Programs26
16 Management and General27

TABLE OF CONTENTS--Continued

Schedules continued

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 <i>GOVERNMENT AUDITING STANDARDS</i>	28
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	30
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	35
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	36

James B. Snoddy, CPA
Douglas P. Schmieding, CPA
Russell E. Padgett, CPA
Kevin A. Klass, CPA, CMA
Jennifer E. Neff, CPA
Wendell E. Lunsford, EA

JENNINGS COOK & CO.
A PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS
1212 Haywood Road • Haywood Commons
Post Office Box 25937
Greenville, South Carolina 29616
<http://www.jenningscook.com>
email@jenningscook.com
Telephone: (864) 297-4700
Fax: (864) 676-1502

Members
American Institute of
Certified Public Accountants
S.C. Association of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Lowcountry Community Action
Agency, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Lowcountry Community Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, 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.

Auditors' Responsibility

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

Board of Directors
Lowcountry Community Action
Agency, Inc.
Page Two

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 Lowcountry Community Action Agency, Inc. as of December 31, 2012, 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

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules (Schedules 1-16) are presented for purposes of additional analysis and are 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.

Board of Directors
Lowcountry Community Action
Agency, Inc.
Page Three

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 June 28, 2013 on our consideration of Lowcountry Community Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Lowcountry Community Action Agency, Inc.'s internal control over financial reporting and compliance.

Jennings Cook & Co.

Greenville, SC
June 28, 2013

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2012

ASSETS

CURRENT ASSETS

Cash	\$ 182,588
Grants receivable	711,918
Prepaid expenses	11,126
Inventory	677
Total current assets	<u>906,309</u>

PROPERTY AND EQUIPMENT (Note H)

494,470

Total assets

\$1,400,779

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 406,056
Deferred revenue (Note K)	228,864
Total current liabilities	<u>634,920</u>

NET ASSETS

Unrestricted	<u>765,859</u>
--------------	----------------

Total liabilities and net assets

\$1,400,779

See accompanying notes.

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2012

UNRESTRICTED NET ASSETS

Support	
Grant income	\$4,180,310
In-kind	623,460
Interest income	3,966
	<u>4,807,736</u>
Expenses	
Program services	
CSBG	196,842
LIHEAP	669,839
Weatherization	256,704
Head Start	2,731,492
Emergency Shelter	127,644
Homeless Prevention	206,065
Other programs	156,905
Supporting services	
Management and general	450,243
	<u>4,795,734</u>
Increase in unrestricted net assets before return of funds to grantors	12,002
Return of funds to grantors	<u>(45,992)</u>
Decrease in net assets	(33,990)
BEGINNING NET ASSETS	<u>799,849</u>
ENDING NET ASSETS	<u><u>\$ 765,859</u></u>

See accompanying notes.

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF GRANT EXPENSES

HEAD START PROGRAM

Year Ended December 31, 2012

	Head Start Grant		
	Full-Year/ Part-Day	Training and Technical Assistance	USDA
EXPENSES			
Personnel	\$1,022,910		\$ 54,971
Fringe benefits	292,671		7,445
Travel		\$ 30,144	
Supplies	164,416		
Other	408,901	232	180,015
Indirect costs	290,754		15,777
In-kind	568,460		
Grant expenses	<u>\$2,748,112</u>	<u>\$ 30,376</u>	<u>\$ 258,208</u>
Adjustments to GAAP			
Indirect costs			
Equipment			
Depreciation			
Total expenses			

EXHIBIT C

Homeless Prevention/ Rapid Re- Housing	Other Programs	Supporting Services	
		Management and General	Total
\$ 73,626	\$ 50,846	\$ 178,535	\$1,639,591
9,918	7,463	41,636	479,622
		32,326	32,326
	1,290		1,290
56	1,345	193	35,146
		6,911	19,359
843	2,384	6,799	15,904
3,173	2,438	16,984	187,199
		36,747	36,747
	421	3,389	3,810
3,192	254	8,349	18,206
		10,586	15,818
108,605	68,621		839,758
	180	2,970	3,150
		30,907	62,877
	21,663		587,998
		63,143	64,391
			623,460
			20,428
6,033		840	13,907
619		9,928	94,747
<u>\$ 206,065</u>	<u>\$ 156,905</u>	<u>\$ 450,243</u>	<u>\$4,795,734</u>

See accompanying notes.

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (33,990)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	94,747
(Increase) decrease in operating assets:	
Grants receivable	(131,124)
Prepaid expenses	1,507
Inventory	2,554
Increase (decrease) in operating liabilities:	
Accounts payable	125,309
Deferred revenue	(445,364)
Net cash from operating activities	<u>(386,361)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Property and equipment, net	<u>(101,435)</u>
Net cash from investing activities	<u>(101,435)</u>
Net decrease in cash	(487,796)
BEGINNING CASH	<u>670,384</u>
ENDING CASH	<u>\$ 182,588</u>
INTEREST PAID	\$ 0
INCOME TAXES PAID	<u>\$ 0</u>

See accompanying notes.

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A--BACKGROUND

Lowcountry Community Action Agency, Inc. (the "Agency") is a multi-county representative organization formulated to help communities within their area of service in South Carolina mobilize their resources to combat, alleviate the effects and plan for the future eradication of poverty. The Agency administers a variety of programs as shown in the Statement of Functional Expenses. The Agency is a private, not-for-profit organization.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

METHOD OF ACCOUNTING

The records of the Agency are maintained on the accrual basis of accounting whereby expenses are recognized as incurred and revenues are recognized as incurred or granted.

DEPRECIATION

Fixed assets are recorded at cost. Furniture and equipment are depreciated over their estimated useful lives of 5 to 10 years using the straight-line method.

INCOME TAXES

The Agency is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code but remains subject to income taxes on any business income unrelated to the Agency's tax exempt purpose. For the year ended December 31, 2012, there was no unrelated business income. The Agency is subject to audits by a taxing authority, but as of December 31, 2012, no such audits or examinations were in process. Management believes that the Agency is no longer subject to income tax examinations for years prior to 2009. The Agency's policy is to record any income tax-related interest and penalties separate from any income tax expense. The Agency is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the Agency to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 28, 2013, the date the financial statements were available to be issued.

INVENTORY

The Agency's inventory is recorded at cost and is comprised of materials used in the Weatherization Program.

NOTE C--INDIRECT COST

The Agency established an Indirect Cost Plan in the 1980s. The Plan was implemented in accordance with an agreement negotiated with the Department of Health and Human Services, which was the cognizant negotiation agency on behalf of the Federal government. The Plan's approved final rate for the current year is 28.7%, such rate being based upon all direct salaries and wages other than wages paid to WIA participants, if applicable.

The following expenses are paid through the Indirect Cost Plan:

- (1) Salaries and wages for the Executive Director, Fiscal Officer, Administrative Assistant, Support Clerk and Custodian;
- (2) Leave and fringe benefits for the above personnel;
- (3) Administrative portion of postage, travel, utilities, vehicle expenses, supplies, publications and printing, data processing, dues and subscriptions, maintenance and telephone; and
- (4) All audit, bonding and other professional fees.

The final indirect cost rate is 28.7%. Therefore, the actual rate for the year is 28.7%. Adjustments were made to all programs so that the actual indirect cost rate was charged to each.

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE D--EMPLOYEE COMPENSATED ABSENCES

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages, and are charged to grants, contracts and other agreements as part of the normal charge for salaries and wages.

NOTE E--RETIREMENT PLAN

The Agency has a contributory, defined contribution plan for employees. Employees became eligible to join once they become permanent. The contributory plan is a qualified salary reduction plan under Section 403(b) of Internal Revenue Code. Participating employees can contribute from 3 to 10 percent of their annual salary and the Agency matches up to six percent (6%) of the employees' salary. For the year ended December 31, 2012, employees contributed \$40,931 and the employer contributed \$61,471.

NOTE F--CONTINGENCIES

The Agency's programs are subject to program compliance audits by the State and Federal government and their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Agency expects such amounts, if any, to be immaterial, and no provision has been made in the financial statements for possible disallowances.

NOTE G--SUPPORT FROM GOVERNMENTAL UNITS

The Agency receives a substantial amount of its support from Federal and State governments. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Agency's programs and activities.

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE H--PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Building	\$ 110,085
Vehicles	1,063,944
Furniture and equipment	<u>864,789</u>
	2,038,818
Accumulated depreciation	<u>(1,544,348)</u>
	<u>\$ 494,470</u>

NOTE I--CONCENTRATION OF CREDIT RISK

The Agency maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2012, the Agency's uninsured cash balances totaled \$0.

NOTE J--LEASED FACILITIES

The Agency currently leases its building from an unrelated third party for \$1,400 per month. The term of this lease agreement is from January 1, 2012 to December 31, 2012. Total rent expense for 2012 is \$16,800. The lease agreement for 2013 has been finalized and is similar to 2012.

NOTE K--DEFERRED REVENUE

Deferred revenue is all indirect funding and is a result of advances made by the Division of Economic Opportunity of the Office of the Governor of the State of South Carolina. The Agency has no control over the timing or amount of these advances.

SCHEDULE 1

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENSES

COMMUNITY SERVICES BLOCK GRANT PROGRAMS

Year Ended December 31, 2012

Salaries and wages	\$ 77,640
Fringe benefits	19,161
Other operational expenses	26,896
Client assistance	73,145
Indirect costs	22,283
	<hr/>
Grant expenses	219,125
Adjustments to GAAP	
Indirect costs	(22,283)
Depreciation	0
Equipment	0
	<hr/>
Total expenses	<u>\$ 196,842</u>

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF GRANT BUDGET AND EXPENSES

FOR COMMUNITY SERVICES BLOCK GRANT

Year Ended December 31, 2012

	Budget	Expenses	Under or (Over) Budget
Administration			
Salaries and wages	\$ 6,794	\$ 6,794	
Fringe benefits	2,145	758	\$ 1,387
Other operational expenses	232	231	1
Indirect costs	1,780	1,950	(170)
	<u>10,951</u>	<u>9,733</u>	<u>1,218</u>
Case Management			
Salaries and wages	68,613	67,808	805
Fringe benefits	20,969	17,875	3,094
Other operational expenses	30,090	26,665	3,425
Indirect costs	17,977	19,461	(1,484)
	<u>137,649</u>	<u>131,809</u>	<u>5,840</u>
Support Services			
Client assistance	<u>57,200</u>	<u>45,418</u>	<u>11,782</u>
Discretionary			
Salaries and wages	3,000	3,038	(38)
Fringe benefits	1,649	528	1,121
Indirect costs	786	872	(86)
Client assistance	29,539	27,727	1,812
	<u>34,974</u>	<u>32,165</u>	<u>2,809</u>
Grant Totals	<u>\$ 240,774</u>	<u>\$ 219,125</u>	<u>\$ 21,649</u>

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENSES

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM
(Including Project Share)

Year Ended December 31, 2012

	LIHEAP	Project Share		Total
	2012	01/12-06/12	07/12-12/12	
	<u>01/12-12/12</u>	<u>01/12-06/12</u>	<u>07/12-12/12</u>	<u> </u>
Salaries and wages	\$ 57,657			\$ 57,657
Fringe benefits	13,929			13,929
Other operational expenses	6,425			6,425
Indirect costs	16,548			16,548
Client assistance	<u>583,124</u>	<u>\$ 2,978</u>	<u>\$ 3,285</u>	<u>589,387</u>
Grant expenses	<u>\$ 677,683</u>	<u>\$ 2,978</u>	<u>\$ 3,285</u>	683,946
Adjustments to GAAP				
Indirect costs				(16,548)
Equipment				0
Depreciation				<u>2,441</u>
Total expenses				<u>\$ 669,839</u>

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.
 SCHEDULE OF GRANT BUDGET AND EXPENSES
 FOR LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM
 Grant Period Ended December 31, 2012

	Budget	Expenses	Under or (Over) Budget
Administration			
Salaries and wages	\$ 36,181	\$ 36,177	\$ 4
Fringe benefits	10,856	8,603	2,253
Other operational expenses	6,477	6,425	52
Indirect costs	15,914	16,548	(634)
	<u>69,428</u>	<u>67,753</u>	<u>1,675</u>
Energy Counseling			
Salaries and wages	24,558	21,480	3,078
Fringe benefits	8,354	5,326	3,028
Other operational expenses	0	0	0
	<u>32,912</u>	<u>26,806</u>	<u>6,106</u>
Energy Assistance			
Client assistance	<u>744,216</u>	<u>583,124</u>	<u>161,092</u>
Total expenses	<u>\$ 846,556</u>	<u>\$ 677,683</u>	<u>\$ 168,873</u>

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF GRANT EXPENSES

WEATHERIZATION ASSISTANCE PROGRAMS

Year Ended December 31, 2012

	Stimulus	Regular	Total
Salaries and wages	\$ 13,689	\$ 92,240	\$ 105,929
Fringe benefits	64,258	21,208	85,466
Transportation	619	2,789	3,408
Supplies	188		188
Maintenance	1,860	1,054	2,914
Training and technical assistance	250	998	1,248
Insurance	24	5,208	5,232
Materials	1,317	19,111	20,428
Indirect costs	3,929	26,473	30,402
Other	1,780	5,350	7,130
Rent	(65)	7,099	7,034
Telephone	1,366	5,045	6,411
Tools		884	884
Grant expenses	<u>\$ 89,215</u>	<u>\$ 187,459</u>	276,674
Adjustments to GAAP			
Indirect costs			(30,402)
Equipment			0
Depreciation			<u>10,432</u>
Total expenses			<u>\$ 256,704</u>

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF GRANT EXPENSES

FOR WEATHERIZATION ASSISTANCE PROGRAM - STIMULUS

Forty-three Months Ended December 31, 2012

	Thru 2011	2012	Total
Salaries and wages	\$ 501,512	\$ 13,689	\$ 515,201
Fringe benefits	104,037	64,258	168,295
Transportation	17,993	619	18,612
Supplies	17,353	188	17,541
Training and technical assistance	32,556	1,860	34,416
Insurance	12,460	250	12,710
Maintenance	9,802	24	9,826
Materials	170,710	1,317	172,027
Indirect costs	124,612	3,929	128,541
Other	45,509	1,780	47,289
Rent	14,858	(65)	14,793
Equipment	56,533		56,533
Telephone	14,787	1,366	16,153
Tools	9,673		9,673
Grant expenses	<u>\$1,132,395</u>	<u>\$ 89,215</u>	<u>\$1,221,610</u>

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF GRANT EXPENSES

FOR WEATHERIZATION ASSISTANCE PROGRAM (03/13)

Nine Months Ended December 31, 2012

Salaries and wages	\$ 28,936
Fringe benefits	4,716
Transportation	1,028
Supplies	0
Maintenance	371
Training and technical assistance	697
Insurance	5,233
Materials	5,755
Indirect costs	8,304
Other	1,806
Rent	6,499
Telephone and utilities	3,861
Tools	6
Grant expenses	<u>\$ 67,212</u>

SCHEDULE 8

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF GRANT EXPENSES

FOR WEATHERIZATION ASSISTANCE PROGRAM (03/12)

Grant Period Ended March 31, 2012

	2011	2012	Total	Budget	Under or (Over) Budget
Salaries and wages	\$ 2,379	\$ 63,304	\$ 65,683	\$ 102,723	\$ 37,040
Fringe benefits	308	16,492	16,800	33,009	16,209
Transportation		1,761	1,761	4,000	2,239
Subcontractors				12,000	12,000
Maintenance		683	683	5,000	4,317
Training and technical assistance	4,699	301	5,000	5,000	
Insurance	268	(25)	243	1,000	757
Materials	26	13,356	13,382	114,924	101,542
Indirect costs	635	18,169	18,804	26,914	8,110
Other	267	3,544	3,811	4,211	400
Rent	450	600	1,050	1,374	324
Telephone		1,184	1,184	6,000	4,816
Tools		878	878	8,000	7,122
Budget adjustment				(196,471)	(196,471)
Grant expenses	\$ 9,032	\$ 120,247	\$ 129,279	\$ 127,684	\$ (1,595)

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2012

	Program Services				
	CSBG	LIHEAP	Weather-ization	Head Start	Emergency Shelter
Salaries and wages	\$ 77,640	\$ 57,657	\$ 105,929	\$1,077,881	\$ 17,477
Fringe benefits	19,161	13,929	85,466	300,116	1,933
Professional fees					
Data processing					
Travel			3,408	30,144	
Utilities					12,448
Maintenance and repairs			2,914		2,964
Consumable supplies			188	164,416	
Meetings and conferences					
Postage, publishing and printing					
Telephone			6,411		
Insurance and bonding			5,232		
Client assistance	73,145	589,387			
Dues and subscriptions					
Contractual					31,970
Other operational expenses	26,896	6,425	8,014	519,148	5,852
Training and technical assistance			1,248		
In-kind				568,460	55,000
Materials			20,428		
Leases and rentals			7,034		
Depreciation		2,441	10,432	71,327	
	<u>\$ 196,842</u>	<u>\$ 669,839</u>	<u>\$ 256,704</u>	<u>\$2,731,492</u>	<u>\$ 127,644</u>

SCHEDULE 9

Preschool County Funds	Non-Federal	Total
		\$1,077,881
		300,116
		30,144
		164,416
\$ 31,009	\$ 426	620,583
	2,821	309,352
		568,460
<u>\$ 31,009</u>	<u>\$ 3,247</u>	3,070,952
		(309,352)
		(101,435)
		<u>71,327</u>
		<u>\$2,731,492</u>

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.
 Head Start Grant No. 04-CH-0328/37
 Full-Year/Part-Day

SCHEDULE OF GRANT BUDGET AND EXPENSES

Year Ended December 31, 2012

	Approved Budget	Actual	Under or (Over) Budget
EXPENSES			
PA-22			
Head Start Full-Year/ Part-Day (can 2012G044122)			
Direct costs			
Personnel	\$1,171,996	\$1,022,910	\$ 149,086
Fringe benefits	388,520	292,671	95,849
Contractual	9,120	0	9,120
Supplies	46,000	164,416	(118,416)
Other	349,286	408,901	(59,615)
Indirect costs	213,962	290,754	(76,792)
PA-22 total	2,178,884	2,179,652	(768)
In-kind - Grantees' share	552,507	568,460	(15,953)
	<u>\$2,731,391</u>	<u>\$2,748,112</u>	<u>\$ (16,721)</u>

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.
 Head Start Grant No. 04-CH-0328/37
 Training and Technical Assistance

SCHEDULE OF GRANT BUDGET AND EXPENSES

Year Ended December 31, 2012

	Approved Budget	Actual	Under or (Over) Budget
EXPENSES			
PA-20			
Head Start Training and Technical Assistance (can 2012G044120)			
Direct costs			
Travel	\$ 30,144	\$ 30,144	\$ 0
Other	1,000	232	768
PA-20 Total	<u>\$ 31,144</u>	<u>\$ 30,376</u>	<u>\$ 768</u>

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENSES

EMERGENCY SHELTER PROGRAM

Year Ended December 31, 2012

	<u>1/12-6/12</u> Expenses	<u>7/12-12/12</u> Expenses	<u>Total</u>
Salaries and wages		\$ 17,477	\$ 17,477
Fringe benefits		1,933	1,933
Indirect costs		5,016	5,016
Contractual	\$ 21,437	10,533	31,970
Maintenance and repairs	1,467	1,497	2,964
Utilities	7,191	5,257	12,448
Other	462	5,390	5,852
Non-federal match	<u>55,000</u>		<u>55,000</u>
Grant expenses	<u>\$ 85,557</u>	<u>\$ 47,103</u>	132,660
Adjustment to GAAP			
Indirect costs			<u>(5,016)</u>
Total expenses			<u>\$ 127,644</u>

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENSES

EMERGENCY SHELTER PROGRAM

Grant Period Ended June 30, 2012

	<u>7/11-12/11</u> Expenses	<u>1/12-6/12</u> Expenses	<u>Total</u>
Contractual	\$ 21,431	\$ 21,437	\$ 42,868
Maintenance and repairs	684	1,467	2,151
Utilities	7,133	7,191	14,324
Other	910	462	1,372
Federal expenses	<u>30,158</u>	<u>30,557</u>	<u>60,715</u>
Non-federal match		<u>55,000</u>	<u>55,000</u>
Totals	<u>\$ 30,158</u>	<u>\$ 85,557</u>	<u>\$ 115,715</u>

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF GRANT BUDGET AND EXPENSES

FOR HOMELESS PREVENTION/RAPID RE-HOUSING GRANTS

Grant Ended July 14, 2012

	Thru 2011	2012	Total	Budget	Under (Over) Budget
<u>HOMELESS PREVENTION</u>					
Case Management					
Salaries and wages	\$ 101,128	\$ 62,582	\$ 163,710	\$ 163,710	
Fringe benefits	13,966	8,433	22,399	22,399	
Consumable supplies	16,414	2,817	19,231	19,231	
Rent	7,591	5,541	13,132	13,132	
Utilities and telephone	5,765	2,706	8,471	8,471	
Travel	1,243	47	1,290	1,290	
Maintenance	2,389	716	3,105	3,105	
Indirect costs	25,547	15,224	40,771	40,769	\$ (2)
Client assistance	222,618	95,819	318,437	318,438	1
Outreach	238	1	239	239	
Data collection	3,618	75	3,693	3,694	1
	<u>400,517</u>	<u>193,961</u>	<u>594,478</u>	<u>594,478</u>	<u>0</u>
<u>RAPID RE-HOUSING</u>					
Case Management					
Salaries and wages	17,846	11,044	28,890	28,890	
Fringe benefits	2,434	1,485	3,919	3,919	
Consumable supplies	2,839	356	3,195	3,195	
Rent	1,340	492	1,832	1,832	
Utilities and telephone	1,012	486	1,498	1,498	
Travel	219	9	228	228	
Maintenance	413	127	540	540	
Indirect costs	4,249	2,945	7,194	7,194	
Client assistance	29,776	12,696	42,472	42,472	
Outreach	102		102	102	
Data collection	638	14	652	652	
	<u>60,868</u>	<u>29,654</u>	<u>90,522</u>	<u>90,522</u>	<u>0</u>
Grant expenses	<u>\$ 461,385</u>	<u>223,615</u>	<u>\$ 685,000</u>	<u>\$ 685,000</u>	<u>\$ 0</u>
Adjustments to GAAP					
Indirect costs		(21,130)			
Equipment					
Depreciation		619			
Non-federal – other		2,961			
		<u>\$ 206,065</u>			

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENSES

OTHER PROGRAMS

Year Ended December 31, 2012

	Emergency Food and Shelter		Non-Federal		Total
	Colleton County	Hampton County	General	Summer Feeding	
Client assistance		\$ 2,254		\$ 66,367	\$ 68,621
Maintenance and repairs				2,384	2,384
Consumable supplies			\$ 680	1,758	2,438
Postage, publishing and printing			87	334	421
Dues and subscriptions			180		180
Salaries and wages			6,442	44,404	50,846
Fringe benefits			1,291	6,172	7,463
Data processing			1,290		1,290
Travel				1,345	1,345
Telephone			106	148	254
Other expenses			21,663		21,663
Indirect costs			1,849	12,744	14,593
Grant expenses	<u>\$ 0</u>	<u>\$ 2,254</u>	<u>\$ 33,588</u>	<u>\$ 135,656</u>	171,498
Adjustment to GAAP					
Indirect costs					<u>(14,593)</u>
Total expenses					<u>\$ 156,905</u>

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENSES

MANAGEMENT AND GENERAL

Year Ended December 31, 2012

Salaries and wages	\$ 178,535
Fringe benefits	41,636
Professional fees	32,326
Travel	193
Consumable supplies	16,984
Telephone	8,349
Utilities	6,911
Maintenance and repairs	6,799
Postage	2,549
Publishing and printing	840
Dues and subscriptions	2,970
Insurance and bonding	10,586
Meetings and conferences	36,747
Depreciation	9,928
Contractual	30,907
Training and technical assistance	63,143
Rent	840
	<hr/>
	\$ 450,243
	<hr/> <hr/>

JENNINGS COOK & CO.
A PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS
1212 Haywood Road • Haywood Commons
Post Office Box 25937
Greenville, South Carolina 29616
<http://www.jenningscook.com>
email@jenningscook.com
Telephone: (864) 297-4700
Fax: (864) 676-1502

James B. Snoddy, CPA
Douglas P. Schmieding, CPA
Russell E. Padgett, CPA
Kevin A. Klass, CPA, CMA
Jennifer E. Neff, CPA
Wendell E. Lunsford, EA

Members
American Institute of
Certified Public Accountants
S.C. Association of
Certified Public Accountants

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
Lowcountry Community Action
Agency, 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 Lowcountry Community Action Agency, Inc., which comprise the statement of financial position as of December 31, 2012, and the related statements 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 June 28, 2013.

Internal Control Over Financial Reporting

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

Board of Directors
Lowcountry Community Action
Agency, Inc.
Page Two

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 Lowcountry Community Action Agency, 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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jennings Cook & Co.

Greenville, SC
June 28, 2013

JENNINGS COOK & CO.
A PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS
1212 Haywood Road • Haywood Commons
Post Office Box 25937
Greenville, South Carolina 29616
<http://www.jenningscook.com>
email@jenningscook.com
Telephone: (864) 297-4700
Fax: (864) 676-1502

James B. Snoddy, CPA
Douglas P. Schmieding, CPA
Russell E. Padgett, CPA
Kevin A. Klass, CPA, CMA
Jennifer E. Neff, CPA
Wendell E. Lunsford, EA

Members
American Institute of
Certified Public Accountants
S.C. Association of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Lowcountry Community Action
Agency, Inc.

Report on Compliance for Each Major Federal Program

We have audited Lowcountry Community Action Agency, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lowcountry Community Action Agency, Inc.'s major federal programs for the year ended December 31, 2012. Lowcountry Community Action Agency, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lowcountry Community Action Agency, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lowcountry Community Action Agency, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Board of Directors
Lowcountry Community Action
Agency, Inc.
Page Two

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

Opinion on Each Major Federal Program

In our opinion, Lowcountry Community Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of Lowcountry Community Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lowcountry Community Action Agency, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lowcountry Community Action Agency, Inc.'s internal control over compliance.

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

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2012

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U. S. Department of Health and Human Services			
Direct Award:			
Head Start	93.600		\$2,210,028
			*
Passed through State of South Carolina, Office of the Governor, Office of Executive Policy and Programs, Division of Economic Opportunity:			
Community Services Block Grants	93.569		219,125
Low Income Home Energy Assistance Program	93.568		677,683
FEMA			
Passed through United Way of America:			
Emergency Food and Shelter Program	97.024		2,254
U. S. Department of Agriculture			
Passed through State of South Carolina, Department of Social Services:			
Child Care Food Program - Head Start	10.558		258,208
Summer Food Program	10.559		135,656

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2012

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures	
U. S. Department of Housing and Urban Development				
Passed through State of South Carolina, Office of the Governor, Office of Executive Policy and Programs, Division of Economic Opportunity:				
Emergency Shelter Program	14.231		\$ 67,771	
Homelessness Prevention - ARRA	14.257		223,615	*
U. S. Department of Energy				
Passed through State of South Carolina, Office of the Governor, Office of Executive Policy and Programs, Division of Economic Opportunity:				
Weatherization Assistance for Low Income Persons	81.042		187,459	*
Weatherization Assistance for Low Income Persons - ARRA	81.042		89,215	*
			<u>\$4,071,014</u>	

* Denotes a major program

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the (general purpose) financial statements of Lowcountry Community Action Agency, Inc.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Lowcountry Community Action Agency, Inc., which would be required to be reported in accordance with Government Audit Standards, were disclosed during the audit.
4. No significant deficiencies in internal control relating to the audit of the major federal award programs are reported.
5. The auditors' report on compliance for the major federal award programs for Lowcountry Community Action Agency, Inc. expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Lowcountry Community Action Agency, Inc.
7. The programs tested as major programs included: Head Start #93.600, Weatherization #81.042, Weatherization ARRA #81.042 and Homelessness Prevention ARRA #14.257.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Lowcountry Community Action Agency, Inc. was determined to be a low-risk auditee.

B. FINDINGS -- FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS -- MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

LOWCOUNTRY COMMUNITY ACTION AGENCY, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2012

There were no prior audit findings.