

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Consolidated Financial Statements and  
Supplementary Information  
February 28, 2017  
(With Independent Auditors' Report Thereon)

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Delaware Opportunities, Inc.:

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Delaware Opportunities, Inc. and Affiliates (collectively, the Organization), which comprise the consolidated statement of financial position as of February 28, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Delaware Opportunities, Inc. and Affiliates as of February 28, 2017, and the changes in their net assets and their 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 the Delaware Opportunities, Inc. and Affiliates' 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 1, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended February 29, 2016, is consistent, in all material respects, with the audited consolidated 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 consolidated financial statements as a whole. The accompanying supplemental information included in Schedules 1 through 3 is presented for analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards (Schedule 4), 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 (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 16, 2017, on our consideration of Delaware Opportunities, Inc. and Affiliates' 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 Delaware Opportunities, Inc. and Affiliates' internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
August 16, 2017

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Consolidated Statement of Financial Position  
February 28, 2017  
with comparative totals for February 29, 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash	\$ 3,421,017	3,062,235
Receivables	1,550,595	1,370,196
Prepaid expenses	87,045	112,844
Inventories, at cost	<u>36,014</u>	<u>20,740</u>
Total current assets	<u>5,094,671</u>	<u>4,566,015</u>
Property and equipment, at cost	4,991,424	5,069,877
Less accumulated depreciation	<u>(3,064,253)</u>	<u>(2,980,383)</u>
Net property and equipment	<u>1,927,171</u>	<u>2,089,494</u>
Total assets	<u>\$ 7,021,842</u>	<u>6,655,509</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	187,010	144,096
Accrued payroll and payroll taxes	309,688	300,629
Accrued expenses	688,870	819,471
Deferred revenue	241,991	206,657
Other current liabilities	<u>-</u>	<u>618</u>
Total current liabilities	<u>1,427,559</u>	<u>1,471,471</u>
Net assets:		
Unrestricted:		
Available for operations	3,041,023	2,578,145
Investment in property	<u>1,927,171</u>	<u>2,089,494</u>
Total unrestricted	4,968,194	4,667,639
Temporarily restricted	<u>626,089</u>	<u>516,399</u>
Total net assets	<u>5,594,283</u>	<u>5,184,038</u>
Contingency (note 9)	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 7,021,842</u>	<u>6,655,509</u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Consolidated Statement of Activities  
Year ended February 28, 2017  
with comparative totals for February 29, 2016

	Unrestricted	Temporarily Restricted	Total	
			<u>2017</u>	<u>2016</u>
Support and revenue:				
Fees and grants from governmental agencies	\$ 11,739,481	422,863	12,162,344	11,906,266
WIC food instruments and commodities	607,597	-	607,597	632,186
In-kind support	605,781	-	605,781	589,058
Program revenue	210,174	5,456	215,630	240,729
Contributions	3,088	23,556	26,644	16,489
Developer fee	-	-	-	1,500
Interest	3,882	197	4,079	3,723
Miscellaneous	73,778	38,112	111,890	82,919
Net assets released from restrictions through satisfaction of program restrictions	<u>380,494</u>	<u>(380,494)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>13,624,275</u>	<u>109,690</u>	<u>13,733,965</u>	<u>13,472,870</u>
Expenses:				
Program services	12,336,321	-	12,336,321	12,494,999
Management and general	<u>987,399</u>	<u>-</u>	<u>987,399</u>	<u>723,122</u>
Total expenses	<u>13,323,720</u>	<u>-</u>	<u>13,323,720</u>	<u>13,218,121</u>
Increase in net assets	300,555	109,690	410,245	254,749
Net assets at beginning of year	<u>4,667,639</u>	<u>516,399</u>	<u>5,184,038</u>	<u>4,929,289</u>
Net assets at end of year	<u>\$ 4,968,194</u>	<u>626,089</u>	<u>5,594,283</u>	<u>5,184,038</u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Consolidated Statement of Functional Expenses  
Year ended February 28, 2017  
with comparative totals for February 29, 2016

	Program services									Supporting services	Total	
	Early childhood and family development	Crime victims and prevention	Education	Community	Housing	Economic self-sufficiency	Health and nutrition	Other	Total	Management and general	2017	2016
Labor and benefits:												
Personnel	\$ 1,253,518	272,153	1,068,122	562,247	381,518	298,837	1,070,291	-	4,906,686	627,115	5,533,801	5,817,300
Employee benefits and taxes	433,602	82,661	316,144	89,257	137,969	90,108	342,930	-	1,492,671	202,760	1,695,431	1,883,678
Total labor and benefits	<u>1,687,120</u>	<u>354,814</u>	<u>1,384,266</u>	<u>651,504</u>	<u>519,487</u>	<u>388,945</u>	<u>1,413,221</u>	<u>-</u>	<u>6,399,357</u>	<u>829,875</u>	<u>7,229,232</u>	<u>7,700,978</u>
Expenses:												
Payments for benefits of individuals	1,229	-	2,184	8,334	2,580,966	18,841	795,388	-	3,406,942	-	3,406,942	2,826,641
Other direct expenses	9,051	1,658	30,906	5,844	11,141	1,000	14,345	12,732	86,677	24,839	111,516	115,667
Travel	77,200	1,998	57,218	81,229	10,066	27,367	69,570	57,089	381,737	-	381,737	496,009
Supplies	27,071	14,634	50,200	48,556	74,675	30,404	384,838	250	630,628	6,601	637,229	617,515
Contractual and consultants	6,952	1,134	11,072	8,813	29,646	966	4,156	141	62,880	35,400	98,280	106,828
Insurance	18,612	7,599	23,204	9,734	23,563	9,055	19,321	-	111,088	30,690	141,778	149,092
Occupancy	25,046	46,583	113,542	61,481	55,853	18,296	24,650	-	345,451	59,994	405,445	313,948
Donated items, services and facilities	-	43,428	500,455	61,898	-	-	-	-	605,781	-	605,781	589,058
Other	-	-	-	886	4,391	150	-	9	5,436	-	5,436	3,793
Loss on disposition of assets	-	-	-	-	-	-	177	-	177	-	177	3,125
Total expenses	<u>165,161</u>	<u>117,034</u>	<u>788,781</u>	<u>286,775</u>	<u>2,790,301</u>	<u>106,079</u>	<u>1,312,445</u>	<u>70,221</u>	<u>5,636,797</u>	<u>157,524</u>	<u>5,794,321</u>	<u>5,221,676</u>
Depreciation	-	-	-	-	-	-	217,139	83,028	300,167	-	300,167	295,467
Total functional expenses	<u>\$ 1,852,281</u>	<u>471,848</u>	<u>2,173,047</u>	<u>938,279</u>	<u>3,309,788</u>	<u>495,024</u>	<u>2,942,805</u>	<u>153,249</u>	<u>12,336,321</u>	<u>987,399</u>	<u>13,323,720</u>	<u>13,218,121</u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Consolidated Statement of Cash Flows  
Year ended February 28, 2017  
with comparative totals for February 29, 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase in net assets	\$ 410,245	254,749
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	300,167	295,467
Loss on disposal of property and equipment	177	3,125
Changes in:		
Receivables	(180,399)	(291,392)
Prepaid expenses	25,799	(13,354)
Inventories, at cost	(15,274)	(1,611)
Accounts payable	42,914	104,830
Accrued payroll and payroll taxes	9,059	23,082
Accrued expenses	(130,601)	(26,828)
Deferred revenue	35,334	79,317
Other current liabilities	<u>(618)</u>	<u>618</u>
Net cash provided by operating activities	496,803	428,003
Cash flows from investing activities - additions to property and equipment	<u>(138,021)</u>	<u>(191,772)</u>
Net increase in cash	358,782	236,231
Cash at beginning of year	<u>3,062,235</u>	<u>2,826,004</u>
Cash at end of year	<u>\$ 3,421,017</u>	<u>3,062,235</u>
Supplemental schedule of cash flow information:		
In-kind revenue	<u>\$ 605,781</u>	<u>589,058</u>
In-kind expense	<u>\$ 605,781</u>	<u>589,058</u>
Disposal of fully depreciated property and equipment	<u>\$ 216,297</u>	<u>277,575</u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Notes to Consolidated Financial Statements  
February 28, 2017

(1) Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

(a) Nature of Activities

Delaware Opportunities, Inc.

Delaware Opportunities, Inc. (Delaware) is a nonprofit organization incorporated under the laws of the State of New York in January 1966. The Organization provides comprehensive services to people in need in Delaware County, New York (the County). As a community action agency, it administers programs designed to help people become self sufficient and/or obtain a better quality of life. Services are directed to the entire needy population. These services include advocacy to assure that needy persons receive services they require, program development to assure that services are available, public information to assure that the public is aware of ways in which their needs can be met, coordination and collaboration with other service providers to assure that service delivery is maximized and made as efficient as possible, and the operation of programs which meet the daily needs of the citizenry.

Advance Delaware Opportunities Objectives, Inc.

Advance Delaware Opportunities Objectives, Inc. (ADOO) is a nonprofit corporation that was formed for the purpose of managing and maintaining equipment for the benefit of Delaware.

Housing Company for Delaware County, Inc.

Housing Company for Delaware County, Inc. (HCOD) is a corporation formed to be a general partner of Sidney Housing Recovery, L.P., a low-income housing project. Housing's sole member is Delaware Opportunities, Inc.

Delaware and the Affiliates are collectively referred to as the Organization.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of Delaware and the Affiliates. All significant intercompany accounts and transactions have been eliminated.

(c) Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Basis of Presentation

The Organization reports 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. The Organization did not have any permanently restricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Organization's Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions and/or the passage of time.

(e) Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(f) Cash

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less, including overnight repurchase agreements, to be cash equivalents.

(g) Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Changes in the valuation allowance have not been material to the consolidated financial statements.

(h) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated equipment. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the consolidated statement of activities.

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Capitalization and Depreciation, Continued

Donations of property are reflected in the accompanying statements at their estimated fair market value at the date of receipt. The Organization's policy is to imply a time restriction on donated property. Donated property is recorded as temporarily restricted support and the restriction expires over the useful life of property. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(i) Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the Organization compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. At February 28, 2017, no impairment in value has been recognized.

(j) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the consolidated statement of financial position as deferred revenue.

(k) Donated Materials, Food, Supplies and Personal Services

The Organization receives unrestricted donations from outside parties. The donations include, but are not limited to, equipment, clothing, services, and food. All donations are unrestricted and are used to support and further the Organization's objectives. The donations are reflected in the accompanying statements at their estimated fair market value at the date of receipt. In addition, many individuals have contributed significant amounts of time to the activities of the Organization without compensation. Contributed services are recognized as in-kind revenue and expense by the Organization when certain provisions are met. In-kind contributions of \$605,781 and \$589,058 for the years ended February 28, 2017 and February 29, 2016, respectively, have been recognized as in-kind revenue and expense by the Organization.

(l) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Expense Allocation

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

(n) Subsequent Events

The Organization has evaluated subsequent events through the date of the report which is the date the consolidated financial statements were available to be issued.

(o) Income Taxes

Delaware and ADOO are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the consolidated financial statements. Delaware and ADOO have been classified as publicly supported organizations that are not private foundations under Section 509(a) of the Code. The Organization discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Organization has taken no uncertain tax positions that require adjustment in the consolidated financial statements. U.S. Forms 990 filed by Delaware and the Affiliates are subject to examination by taxing authorities.

HCOD is a corporation subject to income taxes. The corporation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the corporation has taken no uncertain tax positions that require adjustment in its consolidated financial statements.

(p) Reclassifications

Reclassifications have been made to certain 2016 balances in order to conform them to the 2017 presentation.

(2) Concentrations of Credit Risk

(a) Cash

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and equivalent accounts in financial institutions. Delaware and HCOD are fully collateralized as of February 28, 2017. ADOO is under collateralized by \$60,338 as of February 28, 2017.

(b) Revenue and Receivables

The Organization provides social services throughout the County. A substantial portion of the Organization's receivables are due from Federal and New York State governmental agencies.

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES

Notes to Consolidated Financial Statements, Continued

(3) Property and Equipment

Property and equipment at February 28, 2017 and February 29, 2016 are summarized as follows:

	2017		
	Delaware Opportunities, Inc.	ADOO	Total
Land	\$ 124,589	-	124,589
Building and improvements	2,726,317	-	2,726,317
Equipment	477,439	87,321	564,760
Vehicles	<u>1,187,713</u>	<u>388,045</u>	<u>1,575,758</u>
	4,516,058	475,366	4,991,424
Less accumulated depreciation	<u>(2,625,937)</u>	<u>(438,316)</u>	<u>(3,064,253)</u>
	<u>\$ 1,890,121</u>	<u>37,050</u>	<u>1,927,171</u>
	2016		
	Delaware Opportunities, Inc.	ADOO	Total
Land	\$ 124,589	-	124,589
Building and improvements	2,712,527	-	2,712,527
Equipment	480,181	87,321	567,502
Vehicles	<u>1,205,962</u>	<u>459,297</u>	<u>1,665,259</u>
	4,523,259	546,618	5,069,877
Less accumulated depreciation	<u>(2,570,093)</u>	<u>(410,290)</u>	<u>(2,980,383)</u>
	<u>\$ 1,953,166</u>	<u>136,328</u>	<u>2,089,494</u>

(4) Line of Credit

The Organization has an available line of credit with the Delaware National Bank of Delhi in the amount of \$100,000. Interest is due monthly at 4.50%. There was no outstanding balance on the line of credit at February 28, 2017 and February 29, 2016.

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES

Notes to Consolidated Financial Statements, Continued

(5) Compensated Absences

Included in accrued expenses is the Organization's liability for future payments of accrued vested vacation wages which amounted to \$299,548 and \$311,993 at February 28, 2017 and February 29, 2016, respectively. Under the terms of the existing personnel manual, the Organization's employees receive annual vacation leave. The number of days allowed is dependent upon the employees' years of service. Vacation leave represents the only leave paid to employees upon termination.

(6) Deferred Revenue

Deferred revenue amounted to \$241,991 and \$206,657 at February 28, 2017 and February 29, 2016, respectively. This amount represents cash provided to the Organization in advance of the period to be benefited in order to provide working capital for the operation of various programs.

(7) Pension Plan

The Organization maintains a qualified contributory defined contribution retirement plan established under Section 403(b) of the Code for all employees meeting minimum age and length of service requirements. The Organization is not obligated to match the eligible participants' contribution to the plan. The Organization recorded expense relating to the plan amounting to \$345,893 and \$364,227 for the years ended February 28, 2017 and February 29, 2016, respectively.

(8) Temporarily Restricted Net Assets

Temporarily restricted net assets amounting to \$626,089 and \$516,399 at February 28, 2017 and February 29, 2016, respectively, are restricted for use in various programs as specified by the respective donors. Net assets of \$380,494 and \$748,301 were released from donor restrictions during the years ended February 28, 2017 and February 29, 2016, respectively, through the satisfaction of donor stipulations.

(9) Contingency

Under the terms of various grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such questioned costs could lead to reimbursement to the grantor agencies. Management believes that it would be able to provide support acceptable to the grantor and that any disallowances would not be material.

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Consolidating Statement of Financial Position  
February 28, 2017

<u>Assets</u>	Delaware Opportunities, <u>Inc.</u>	<u>ADOO</u>	<u>HCOD</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:					
Cash	\$ 2,118,698	1,301,309	1,010	-	3,421,017
Receivables	1,549,665	16,696	-	(15,766)	1,550,595
Current portion of loans receivable	-	52,510	-	(52,510)	-
Prepaid expenses	87,045	-	-	-	87,045
Inventories, at cost	36,014	-	-	-	36,014
Total current assets	<u>3,791,422</u>	<u>1,370,515</u>	<u>1,010</u>	<u>(68,276)</u>	<u>5,094,671</u>
Loans receivable, net of current portion	-	245,847	-	(245,847)	-
Property and equipment, at cost	4,516,058	475,366	-	-	4,991,424
Less accumulated depreciation	<u>(2,625,937)</u>	<u>(438,316)</u>	-	-	<u>(3,064,253)</u>
Net property and equipment	<u>1,890,121</u>	<u>37,050</u>	-	-	<u>1,927,171</u>
Total assets	<u>\$ 5,681,543</u>	<u>1,653,412</u>	<u>1,010</u>	<u>(314,123)</u>	<u>7,021,842</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable	202,776	-	-	(15,766)	187,010
Accrued payroll and payroll taxes	309,688	-	-	-	309,688
Accrued expenses	688,870	-	-	-	688,870
Deferred revenue	241,991	-	-	-	241,991
Current portion of long-term debt	52,510	-	-	(52,510)	-
Total current liabilities	1,495,835	-	-	(68,276)	1,427,559
Long-term debt, net of current portion	245,847	-	-	(245,847)	-
Total liabilities	<u>1,741,682</u>	-	-	<u>(314,123)</u>	<u>1,427,559</u>
Net assets:					
Unrestricted:					
Available for operations	1,423,651	1,616,362	1,010	-	3,041,023
Investment in property	<u>1,890,121</u>	<u>37,050</u>	-	-	<u>1,927,171</u>
Total unrestricted	3,313,772	1,653,412	1,010	-	4,968,194
Temporarily restricted	<u>626,089</u>	-	-	-	<u>626,089</u>
Total net assets	<u>3,939,861</u>	<u>1,653,412</u>	<u>1,010</u>	-	<u>5,594,283</u>
Total liabilities and net assets	<u>\$ 5,681,543</u>	<u>1,653,412</u>	<u>1,010</u>	<u>(314,123)</u>	<u>7,021,842</u>

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Consolidating Statement of Activities  
Year ended February 28, 2017

	Delaware Opportunities, Inc.	ADOO	HCOD	Eliminations	Total
Support and revenue:					
Fees and grants from governmental agencies	\$ 12,162,344	-	-	-	12,162,344
WIC food instruments and commodities	607,597	-	-	-	607,597
In-kind support	605,781	-	-	-	605,781
Program revenue	215,630	-	-	-	215,630
Lease income	-	72,079	-	(72,079)	-
Equipment rentals	-	102,237	-	(102,237)	-
Contributions	26,644	-	-	-	26,644
Interest	446	3,633	-	-	4,079
Miscellaneous	111,890	-	-	-	111,890
	<u>13,730,332</u>	<u>177,949</u>	<u>-</u>	<u>(174,316)</u>	<u>13,733,965</u>
Expenses:					
Personnel	5,533,801	-	-	-	5,533,801
Employee benefits and taxes	1,695,431	-	-	-	1,695,431
Payments for benefits of individuals	3,406,942	-	-	-	3,406,942
Other direct expenses	122,215	12,626	106	(23,431)	111,516
Travel	475,533	57,089	-	(150,885)	381,737
Supplies	636,979	250	-	-	637,229
Contractual and consultants	98,139	-	141	-	98,280
Insurance	141,778	-	-	-	141,778
Occupancy	405,445	-	-	-	405,445
Donated items, services and facilities	605,781	-	-	-	605,781
Other	5,427	-	9	-	5,436
(Gain) loss on disposal of assets	(37,791)	37,968	-	-	177
Depreciation	217,139	83,028	-	-	300,167
	<u>13,306,819</u>	<u>190,961</u>	<u>256</u>	<u>(174,316)</u>	<u>13,323,720</u>
Increase (decrease) in net assets	423,513	(13,012)	(256)	-	410,245
Net assets at beginning of year	<u>3,516,348</u>	<u>1,666,424</u>	<u>1,266</u>	<u>-</u>	<u>5,184,038</u>
Net assets at end of year	<u>\$ 3,939,861</u>	<u>1,653,412</u>	<u>1,010</u>	<u>-</u>	<u>5,594,283</u>

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
New York State Division of Housing and Community Renewal -  
Rural Preservation Program  
Schedule of Expenses  
For the year ended June 30, 2016 and the eight months ended February 28, 2017

	July 1, 2015 - <u>February 29, 2016</u>	March 1, 2016 - <u>June 30, 2016</u>	<u>Total</u>	July 1, 2016 - <u>February 28, 2017</u>
Revenue	\$ 45,896	40,929	86,825	38,191
Expenses:				
Salaries	27,568	19,651	47,219	24,132
Fringe benefits	9,124	5,960	15,084	7,604
Insurance/bonding	-	781	781	-
Professional services	-	260	260	-
Rent/mortgage/utilities	657	1,417	2,074	679
Telephone	589	333	922	664
Office supplies	988	477	1,465	1,087
Printing/postage	1,845	988	2,833	1,797
Travel	2,125	597	2,722	513
Staff development/training	1,184	-	1,184	72
Service agreements and maintenance	1,542	1,634	3,176	1,156
Advertising and bids	250	-	250	-
Other	24	8,831	8,855	487
Total expenses	<u>\$ 45,896</u>	<u>40,929</u>	<u>86,825</u>	<u>38,191</u>

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Schedule of Expenditures of Federal Awards  
Year ended February 28, 2017

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Agency or pass-through grantor's number</u>	<u>Federal expenditures</u>	<u>Expenditures to subrecipients</u>
U.S. Department of Agriculture - pass-through New York State Department of Health: Special Supplemental Nutrition Program:				
Women, Infants and Children	10.557	Food instruments	\$ 528,462	-
Women, Infants and Children	10.557	C-025742-16	146,018	-
Women, Infants and Children	10.557	C-025742-15	230,757	-
Child and Adult Care Food Program - Head Start	10.558	2053	101,139	-
Child and Adult Care Food Program - Family Day Care	10.558	2070	<u>171,405</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>1,177,781</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
Pass-through New York State Department of Housing and Community Renewal - Housing Council Assistance Program	14.169		16,666	-
Pass-through Village of Hancock - Community Development Block Grants/States Program	14.228		129,207	-
Pass-through Town of Deposit - Community Development Block Grants/States Program	14.228		176,160	-
Pass-through Town of Chochester - Community Development Block Grants/States Program	14.228		362,315	-
Pass-through City of Oneonta - Community Development Block Grants/States Program	14.228		78,967	-
Pass-through CDBG Escrow - Community Development Block Grants/States Program	14.228		45,512	-
Pass-through Village of Delhi - Community Development Block Grants/States Program	14.228		217	-
Pass-through Town of Davenport - Community Development Block Grants/States Program	14.228		191,225	-
Pass-through Village of Walton - Community Development Block Grants/States Program	14.228		207,596	-
Pass-through Town of Walton - Community Development Block Grants/States Program	14.228		<u>62,379</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>1,270,244</u>	<u>-</u>

(Continued)

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Schedule of Expenditures of Federal Awards, Continued

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Agency or pass-through grantor's number</u>	<u>Federal expenditures</u>	<u>Expenditures to subrecipients</u>
U.S. Department of Justice:				
Pass-through New York State Office of Victim Services:				
Domestic Violence	16.575	C-100253-16	\$ 41,527	-
Domestic Violence	16.575	C-100253-15	61,694	-
Sexual Assault	16.575	C-100362-16	17,719	-
Sexual Assault	16.575	C-100362-15	41,787	-
Model Office DV	16.575	C-100253	(397)	-
OVS Model Office SA	16.575	C-100362	552	-
Sexual Assault Victims Expansion	16.575		<u>6,107</u>	-
Total U.S. Department of Justice			<u>168,989</u>	-
U.S. Department of Energy - pass-through New York State				
Division of Housing and Community Renewal:				
Weatherization Assistance Program	81.042	C091025-16	115,305	-
Weatherization Assistance Program	81.042	C091025-15	<u>7,483</u>	-
Total U.S. Department of Energy			<u>122,788</u>	-
U.S. Department of Health and Human Services:				
Pass-through Delaware County Office of the Aging:				
Special Programs for the Aging Title III Part C				
Nutrition Services	93.045		113,711	-
Nutrition Services Incentive Program	93.053		79,135	-
Pass-through New York State Department of Health:				
Injury Prevention and Control Research and State and Community Based Programs	93.136		13,850	-
Pass-through New York State Office of Temporary and Disability Services:				
Solutions to End Homelessness	14.231	C-021836	137,758	-
Transportation Initiative	93.558		19,327	-
Pass-through New York State Office Child and Family Services:				
Temporary Assistance to Needy Families - Healthy Families of New York	93.558	C-026582-16	98,837	-
Temporary Assistance to Needy Families - Healthy Families of New York	93.558	C-026582-15	115,476	-

(Continued)

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Schedule of Expenditures of Federal Awards, Continued

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Agency or pass-through grantor's number</u>	<u>Federal expenditures</u>	<u>Expenditures to subrecipients</u>
U.S. Department of Health and Human Services, Continued:				
Pass-through New York State Division of Housing and Community Renewal:				
Low Income Home Energy Assistance	93.568	C091025-16	\$ 200,938	-
Low Income Home Energy Assistance	93.568	C091025-15	18,319	-
Pass-through Delaware County Department of Social Services:				
Low Income Home Energy Assistance	93.568		148,604	-
Low Income Home Energy Assistance - WRAP	93.568		40,436	-
Pass-through New York State Department of State:				
Community Services Block Grant	93.569	C-1000293-17	2,968	-
Community Services Block Grant	93.569	C-1000293-16	193,173	-
Community Services Block Grant	93.569		24,535	-
Head Start	93.600	02CH010330-01	1,947,485	-
Pass-through New York State Child and Family Services - Family Violence Prevention and Services/Grants for Battered Women's Shelters Grants to States				
	93.671	C-027490	<u>29,749</u>	-
Total U.S. Department of Health and Human Services			<u>3,184,301</u>	-
U.S. Department of Homeland Security - Emergency Food and Shelter National Board Program				
	97.024		<u>7,680</u>	-
Total federal expenditures			<u>\$ 5,931,783</u>	-

See notes to schedule of expenditures of federal awards.

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES

Notes to Schedule of Expenditures of Federal Awards  
February 28, 2017

(1) General Information

The accompanying Schedule of Expenditures of Federal Awards presents the activities of all the Federal award programs of the Organization. All financial awards received directly from Federal agencies as well as financial awards passed through other governmental agencies or nonprofit organizations are included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to Federal funding agencies due to those reports being submitted on either the cash or modified accrual basis accounting. The Organization did not use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

(3) Relationship to Basic Financial Statements

Federal award expenditures are reported on the consolidated statements of functional expenses as program services and any related allowable general and administrative expenses under the category of management and general expenses. In certain programs, the expenditures reported in the financial statements may differ from the expenditures reported in the Schedule of Expenditures of Federal Awards due to program expenditures exceeding grant or contract budget limitations, matching or in-kind contributions or capitalization policies required under accounting principles generally accepted in the United States of America.

**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**

The Board of Directors  
Delaware 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 consolidated financial statements of Delaware Opportunities, Inc. and Affiliates (collectively, the Organization), which comprise the consolidated statement of financial position as of February 28, 2017, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated August 16, 2017.

Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delaware Opportunities, Inc. and Affiliates' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under 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 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.

EFPR Group, CPAs, PLLC

Williamsville, New York  
August 16, 2017

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

The Board of Directors  
Delaware Opportunities, Inc.:

Report on Compliance for Each Major Federal Program

We have audited Delaware Opportunities, Inc. and Affiliates' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Delaware Opportunities, Inc. and Affiliates' major federal programs for the year ended February 28, 2017. Delaware Opportunities, Inc. and Affiliates' 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 the 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 Delaware Opportunities, Inc. and Affiliates' 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of 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 Delaware Opportunities, Inc. and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Delaware Opportunities, Inc. and Affiliates' compliance.

### Opinion on Each Major Federal Program

In our opinion, Delaware Opportunities, Inc. and Affiliates 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 February 28, 2017.

### Report on Internal Control Over Compliance

Management of Delaware Opportunities, Inc. and Affiliates 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 Delaware Opportunities, Inc. and Affiliates' 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 Delaware Opportunities, Inc. and Affiliates' internal control over compliance.

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

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

### Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
August 16, 2017

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Schedule of Findings and Questioned Costs  
Year ended February 28, 2017

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- |   |                                  |
|---|----------------------------------|
| 1. Material weakness(es) identified?  | ___ Yes <u> x </u> No            |
| 2. Significant deficiency(ies) identified not considered to be material weakness(es)? | ___ Yes <u> x </u> None reported |
| 3. Noncompliance material to financial statements noted?                              | ___ Yes <u> x </u> No            |

Federal Awards:

Internal control over major programs:

- |   |                                  |
|---|----------------------------------|
| 4. Material weakness(es) identified?  | ___ Yes <u> x </u> No            |
| 5. Significant deficiency(ies) identified not considered to be material weakness(es)? | ___ Yes <u> x </u> None reported |

Type of auditors' report issued on compliance for major programs:

Unmodified

- |  |                       |
|--|-----------------------|
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? | ___ Yes <u> x </u> No |
| 7. The Organization's major programs audited were:   |                       |

Name of Federal Programs

CFDA Number

Special Supplemental Nutrition Program for Women, Infants and Children	10.557
Community Development Block Grant	14.228

- |   |                       |
|---|-----------------------|
| 8. Dollar threshold used to distinguish between Type A and Type B programs? | \$750,000             |
| 9. Auditee qualified as low-risk auditee?                                   | <u> x </u> Yes ___ No |

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

DELAWARE OPPORTUNITIES, INC.  
AND AFFILIATES  
Status of Prior Year Audit Findings  
February 28, 2017

There were no findings with regard to the prior year consolidated financial statements (February 29, 2016).