

LYNCHBURG COMMUNITY ACTION GROUP, INC

Financial Statements and Supplementary Data

DECEMBER 31, 2012

(WITH INDEPENDENT AUDITORS' REPORT)

LYNCHBURG COMMUNITY ACTION GROUP, INC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lynchburg Community Action Group, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Lynchburg Community Action Group, 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 ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgement, 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 to 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lynchburg Community Action Group, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purpose of additional analysis and is not 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 March 1, 2013, on our consideration of Lynchburg Community Action Group, 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 Lynchburg Community Action Group, Inc's internal control over financial reporting and compliance.

N. Wesley Pughsley, Jr. & Associates, CPA

March 1, 2012

LYNCHBURG COMMUNITY ACTION GROUP, INC
 COMBINED STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2012

ASSETS

CURRENT ASSETS

Cash in bank	\$	205,177
Grants receivable		509,088
Accounts receivable		2,541
Inventory		27,983
Prepaid expenses and other assets		<u>23,686</u>

Total Current Assets 768,475

PROPERTY AND EQUIPMENT

Land		159,200
Building		710,800
Building improvements		93,908
Less: Accumulated Depreciation		<u>(215,023)</u>

Net Property and Equipment 748,885

TOTAL ASSETS 1,517,360

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable		2,406
Accrued annual leave		84,456
Advances		33,118
Accrued salaries		41,642
Deferred revenue		297,156
Line of credit		90,000
Current portion of debt		<u>21,817</u>

Total Current Liabilities 570,595

LONG-TERM LIABILITIES

Notes payable		<u>636,171</u>
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Total Long-Term Liabilities 636,171

Total Liabilities 1,206,766

NET ASSETS

Unrestricted		307,180
Temporarily restricted		<u>3,414</u>

Total Net assets 310,594

TOTAL LIABILITIES AND NET ASSETS \$ 1,517,360

See accompanying notes to financial statements

LYNCHBURG COMMUNITY ACTION GROUP, INC

COMBINED STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL AGENCY</u>
<u>SUPPORT AND REVENUE</u>			
Grant funds	\$ 2,000	5,233,177	5,235,177
Interest income	88	6	94
Rental income	81,254	-	81,254
Contributions	751	31,785	32,536
Program income	185,781	55,117	240,898
In-kind revenue	-	967,590	967,590
Net assets released from restrictions	<u>6,287,672</u>	<u>(6,287,672)</u>	<u>-</u>
Total support and revenue	<u>6,557,546</u>	<u>3</u>	<u>6,557,549</u>
<u>EXPENDITURES</u>			
Personnel	2,426,639	-	2,426,639
Fringe benefits	769,631	-	769,631
Contractual	584,833	-	584,833
Travel	49,898	-	49,898
Space	360,382	-	360,382
Telephone	50,036	-	50,036
Vehicle maintenance	146,616	-	146,616
Insurance	60,748	-	60,748
Consumable supplies	81,319	-	81,319
Cost of materials	72,604	-	72,604
Food cost	236,947	-	236,947
Rental, lease, or purchase of equipment	76,579	-	76,579
Other direct cost	338,259	-	338,259
Interest expense	51,593	-	51,593
Indirect costs	288,770	-	288,770
Depreciation expense	27,752	-	27,752
In-kind expense	<u>967,590</u>	<u>-</u>	<u>967,590</u>
Total expenditures	<u>6,590,196</u>	<u>-</u>	<u>6,590,196</u>
Changes in net assets	<u>(32,650)</u>	<u>3</u>	<u>(32,647)</u>
Net assets, beginning	<u>339,830</u>	<u>3,411</u>	<u>343,241</u>
Net asset, ending	<u>\$ 307,180</u>	<u>3,414</u>	<u>310,594</u>

See accompanying notes to financial statements

LYNCHBURG COMMUNITY ACTION GROUP, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2012

	MANAGEMENT AND <u>GENERAL</u>	PROGRAM <u>SERVICES</u>	TOTAL <u>EXPENDITURES</u>
<u>EXPENDITURES</u>			
Personnel	\$ 169,533	2,257,106	2,426,639
Fringe benefits	57,247	412,384	469,631
Contractual	-	584,833	584,833
Travel	595	49,303	49,898
Space	17,176	343,206	360,382
Telephone	1,817	48,219	50,036
Vehicle maintenance	9,130	137,486	146,616
Insurance	-	60,748	60,748
Consumable supplies	5,608	75,711	81,319
Cost of materials	-	72,604	72,604
Food cost	-	236,944	236,944
Rental, lease or purchase of equipment	-	76,579	76,579
Other direct costs	-	338,259	338,259
Interest expense	-	102,328	102,328
Indirect cost	288,770	-	288,770
Depreciation expense	-	27,752	27,752
In-kind expense	-	967,592	967,592
	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 549,876	5,791,054	6,340,930

See accompanying notes to financial statements

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in Net Assets	\$ <u>(32,647)</u>
Adjustments to reconcile Net Income (Loss) to net cash provided by operating activities	
Decrease (Increase) in Assets:	
Depreciation	27,752
Grants receivable	57,891
Accounts receivable	(2,541)
Inventory	(3,157)
Prepaid expenses	1,955
Increase (Decrease) in Liabilities:	
Accounts Payable	(115,153)
Advances	(5,478)
Deferred Revenue	81,662
Accrued liabilities	<u>(21,313)</u>
Total Adjustments	<u>21,618</u>
Net Cash Provided By (Used In) Operating Activities	(11,029)

CASH FLOWS FROM INVESTING ACTIVITIES

Net Cash Provided By (Used In) Investing Activities

CASH FLOWS FROM FINANCING ACTIVITIES

Principle payments on debt	(17,656)
Proceeds from loans received	<u>55,735</u>
Net Cash Provided By (Used In) Financing Activities	<u>38,079</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 27,050

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD 178,127

CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 205,177

Supplemental Cash Flow Information

Cash paid for interest during the year ended December 31, 2012 was \$51,593.

For purposes of the Statement of Cash Flows, LYN-CAG considers all cash on hand, checking, savings and certificate of deposit accounts to be cash or cash equivalents.

Noncash Activities

For the year ended December 31, 2012, LYN-CAG had depreciation expense in the amount of \$27,752.

See accompanying notes to financial statements

LYNCHBURG COMMUNITY ACTION GROUP, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. **Summary of Significant Policies**

- (a) **Organization** - Lynchburg Community Action Group, Inc. (LYN-CAG) is a non-profit corporation organized to carry out community action programs which are generally funded by revenue from agency programs and grants from local, state and federal agencies. Such grants usually requires compliance with prescribed grant conditions and other special requirements, including the furnishing of certain amounts of cash or noncash contributions.
- (b) **Income Tax** - LYN-CAG is a non-profit corporation exempt from federal income tax under the provisions of section 501 (c) 3 of the Internal Revenue Code; it had no unrelated business income subject to federal income tax under Section 511 of the Internal Revenue Code.
- (c) **Basis of Accounting** - LYN-CAG follows the modified accrual basis of accounting during the year and the accrual basis of accounting for financial statement presentation.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Under FASB, LYN-CAG is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily and permanently restricted net assets.

*The Current Unrestricted Fund is used to account for all resources over which the Board of Directors has discretionary control, except those unrestricted assets invested in land, building and equipment.

*Temporarily Restricted Funds are used to account for amounts restricted by donors for operating purposes and include income from endowments restricted by donors for such purposes.

- (d) **Transfers Between Funds** - Transfers are made between the Indirect Cost Plan and various grants administered by LYN-CAG for payroll and administrative expenses.
- (e) **Inventory** - Inventory is valued at the lower of cost (first in, first out basis) or market.
- (f) **Recording of Grant Revenue** - LYN-CAG recognizes support from its cost reimbursement grants as costs are incurred
- (g) **In-kind Contributions and Expenditures** - Donated services are valued at rates consistent with those regular rates paid for similar work within the agency. Donated contractual services are valued at the contractors' normal rates. Donated materials are valued at their estimated fair market value at the date of receipt. Donated space is valued at the fair rental value of comparable space in the area.
- (h) **Depreciation Allowance** - As per OMB Circular A-122, Attachment B, Paragraphs 9(e)

(Continued)

LYNCHBURG COMMUNITY ACTION GROUP, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

and 42(c), LYN-CAG may not charge rent to federal programs in excess of depreciation expense. Depreciation is based on the cost of the building purchased at 926 Commerce St. For space use allowance purposes, the estimated useful life of the building is ten (10) years. LYN-CAG was in compliance with the above paragraphs of the circular at December 31, 2012.

- (i) **Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (j) **Net assets released from restrictions** - Net assets released from restrictions is the mechanism used to decrease temporarily restricted net assets, when restrictions are met, and increase unrestricted net assets. For report purposes, all grant revenue received with restrictions are shown as temporarily restricted regardless if the restrictions are met. If the restrictions are met during the audit period, net assets released from restrictions is decreased for temporarily restricted net assets and unrestricted net assets is increased. This is a truer picture as to the flow of temporarily restricted net assets from restricted to unrestricted.

2. **Protection of Deposits** - At year-end, all of the agency's bank deposits were with banks with federal depository insurance. None of the individual bank balances were over the coverage limits.

3. **Line of Credit** - LYN-CAG has a \$100,000 line of credit with SunTrust Bank. At December 31, 2011 the balance on the line of credit was \$90,000. LYN-CAG has \$10,000 credit available for use.

4. **Long Term Debt** - 4.36% note payable to SunTrust Bank , dated August 14, 2012. Monthly payments of \$4,180 of principal and interest are due through July 14, 2017. A final payment equal to unpaid principal and interest and any other amounts is due on August 14, 2017. Secured by deed of trust on office buildings located in Lynchburg, Virginia.

	\$ 657,988
Less current portion	(21,817)
Long-term debt	\$ 636,171

The aggregate principal payments follows:

YEAR	PRINCIPAL PAYMENT
2012	\$ 21,817
2013	22,788
2014	23,801
2013	24,806
2014	564,776
Total	\$ 657,988

(Continued)

LYNCHBURG COMMUNITY ACTION GROUP, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

5. Grants Receivable - Grants receivable consists of the following:

Head Start	984
Project Discovery	15,220
City of Lynchburg	10,000
USDA	110,425
SHARE HIP	10,871
United Way	18,601
VACARES	35,231
Family Living Center	48,213
CSBG	42,537
CSBG State	1,717
HOPWA	6,942
LIHEAP	21,933
DOE Stimulus	185,914
Other	<u>768</u>
 Total	 <u>\$ 509,356</u>

6. Fixed Assets - Fixed assets purchased with grant funds are recorded as expense at the time of purchase as required for reporting to the funding agencies. Fixed assets purchased with agency funds are depreciated over their estimated useful lives.

7. Pension Plan - LYN-CAG has a 401(K) plan for employees over age eighteen who have at least one year of service and 1,000 hours of service with the corporation. LYN-CAG contributes 6% of gross salaries to the plan for its employees. The trustee of the plan is the American Funds located in Norfolk, Virginia. LYN-CAG's contribution on behalf of its employees amounted to \$150,072 for the year ended December 31, 2012.

8. Deferred Revenue - Deferred revenue consists of the following:

Head Start	119,698
Tax Preparation Grant	5,890
Indoor Plumbing Grant	8,490
GLTC-Medical Technician	6,000
Agency	19,888
Housing Counseling Grant	7,317
Employment Services Program	105,765
NFMC Program	2,594
VA Reach Grant	7,500
City of Lynchburg CDBG Grant	4,050
Responsible Rides Program	1,953
Certified Nurses Training-WIA	5,994
Other	<u>2,017</u>
 Total	 <u>\$ 297,156</u>

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LYNCHBURG COMMUNITY ACTION GROUP, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

9. Lease Agreements - LYN-CAG entered into a lease agreement with the City of Lynchburg to use the White Rock School Property for the Head Start Program. The lease is a year to year lease which requires LYN-CAG to pay one dollar each year for use of the facility.

10. Other Costs - Other costs consist of the following:

Advertising, Printing, Publications and Subscriptions	\$	6,962
Licenses and Permits		2,662
Parent Activities & Field Trips		3,163
Client Assistance - All Programs		236,341
Dues		10,769
Memberships		414
Child Care		3,959
Head Start Component Expenses (ie Education, Social, Nutrition etc.)		61,722
Recording Cost		1,133
Meeting Expense		4,416
Fiscal Management		1,694
Technical Assistance		4,750
Student Activities		<u>274</u>
 Total	 \$	 <u>338,259</u>

11. Cost Allocation - The following is a summary of significant cost allocation policies and results used in the preparation of the audited financial statements. Cost allocation operates in accordance with an Indirect Cost Proposal developed annually and approved by the Department of Health and Human Services (DHHS). The Proposal identifies shared costs and the financial bases for cost-sharing. The concepts in the Proposal were used by the accounting system and produced the following actual results for the fiscal year.

a. Indirect Cost - Indirect costs consist of salaries and fringe benefits of the central organization personnel who perform management and administrative functions necessary and beneficial to all activities. Also included are joint or common costs supporting all programs, or the central administrative portions of these costs. The classification of costs conforms to the organization's Indirect Cost Proposal for the year in which a 11.9% (.119) Provisional Indirect Cost Rate was negotiated for budget purposes.

<u>ACCOUNT DESCRIPTION</u>	<u>INDIRECT COSTS</u>
Management and Administrative Salaries	\$ 204,284
Fringe Benefits	74,675
Contractual	12,624
Rent and space cost	20,683

(Continued)

LYNCHBURG COMMUNITY ACTION GROUP, INC
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2012

11. Cost Allocation - (Continued)

Software	<u>1,621</u>	
Total Indirect Costs	<u>313,887</u>	
Less-Indirect costs above amount allowed	<u>(25,117)</u>	
Total Allocated to Programs	<u>\$ 288,770</u>	
ALLOCATION BASE:		
	<u>\$ 2,426,639</u>	Direct Salary Base

Indirect Costs were accumulated in an organization pool and distributed to activities/programs based on year-to-date direct salaries in conformance with the organization's Indirect Cost Proposal. Actual Indirect Costs and the final rate for the year ended December 31, 2012 are as follows:

Indirect Cost Rate (Final):

Indirect Cost	<u>\$ 288,770</u>	
Base	<u>\$ 2,426,639</u>	0.119

12. Contingent Liabilities - Grant funds are subject to audit by the funding agencies to determine compliance with various grant requirements. Should any expenditures be disallowed, they must be refunded to the granting agency.

13. Concentration of Grants - Approximately 59% of the Agency's funding is provided by grants from the Department of Health and Human Services's Head Start Program. The Agency's ability to continue operating in its current state in the absence of the Head Start Program has not been determined.

14. Subsequent Events - In preparing the financial statements, the Agency has evaluated all subsequent events, for potential recognition or disclosure, through May 1, 2013, the date the financial statements were available to be issued.

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SUPPLEMENTARY DATA

LYNCHBURG COMMUNITY ACTION GROUP, INC

SCHEDULE 1

SCHEDULE OF AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
<u>MAJOR PROGRAMS</u>		
Passed Through the Virginia Department of Social Services Community Services Block Grant	93.667	472,568
Passed Through the Virginia Department of Housing & Community Development		
Weatherization Assistance for Low-Income Persons	81.042	290,370
Low Income Home Energy Assistance Program (LIHEAP)	93.568	187,863
<u>DEPARTMENT OF AGRICULTURE</u>		
USDA Reimbursement (Child Care Food Program)	10.558	240,831
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</u>		
	97.024	5,545
<u>OTHER FEDERAL ASSISTANCE</u>		
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)</u>		
Head Start	93.600	3,192,286
<u>Passed Through the City of Lynchburg</u>		
Community Development Block Grant	14.218	114,658
Home Investment Partnership Program (HOME)	14.239	70,932
<u>Passed Through the Virginia Department of Housing & Community Development</u>		
Indoor Plumbing Rehabilitation Loan Program	14.218	70,159
Housing Opportunities for Persons with Aids (HOPWA)	14.241	48,526
<u>Passed Through the Virginia Housing Development Authority</u>		
Section 8 Program	14.195	31,346
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Neighborhood Stabilization Program	14.256	652
Supportive Housing Grant (Family Living Center)	14.235	<u>44,630</u>
TOTAL FEDERAL ASSISTANCE		<u><u>\$ 4,770,366</u></u>

LYNCHBURG COMMUNITY ACTION GROUP, INC

SCHEDULE 1

SCHEDULE OF AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE A -- BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of LYN-CAG and is presented on the accrual basis of accounting.. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations".

The accompanying notes are an integral part of these financial statements.

LYNCHBURG COMMUNITY ACTION GROUP, INC
 FOR THE DEPARTMENT OF HEALTH AND HUMAN SERVICES
 HEAD START

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2012

FOR THE ELEVEN MONTHS ENDED
NOVEMBER 30, 2012

	<u>PART</u> <u>DAY/</u> <u>DISABLED</u>	<u>TRAINING</u>	<u>ELEVEN</u> <u>MONTHS</u> <u>TOTAL</u>
<u>SUPPORT AND REVENUE</u>			
Grant funds	\$ 2,800,577	39,701	2,840,278
Program income	550	-	550
Interest income	6	-	6
Contributions	100	-	100
In-kind revenue	<u>967,590</u>	<u>-</u>	<u>967,590</u>
Total support and revenue	<u>3,768,823</u>	<u>39,701</u>	<u>3,808,524</u>
<u>EXPENDITURES</u>			
Personnel	1,594,096	-	1,594,096
Fringe benefits	486,846	-	486,846
Contractual	75,955	-	75,955
Travel	8,362	-	8,362
Space	178,346	862	179,208
Telephone	26,371	-	26,371
Vehicle maintenance	61,822	-	61,822
Insurance	36,962	-	36,962
Consumable supplies	40,832	-	40,832
Cost of materials installed	1,060	-	1,060
Food cost	55,579	-	55,579
Rental, lease, or purchase of equipment	9,643	-	9,643
Other direct cost	35,662	38,839	74,501
Indirect costs	189,697	-	189,697
In-kind expense	<u>967,590</u>	<u>-</u>	<u>967,590</u>
Total expenditures	<u>3,768,823</u>	<u>39,701</u>	<u>3,808,524</u>
Changes in net assets	-	-	-
Net assets, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Net asset, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

SCHEDULE 2

FOR THE ONE MONTH ENDED
DECEMBER 31, 2012

<u>PART DAY/ DISABLED</u>	<u>TRAINING</u>	<u>ONE MONTH TOTAL</u>	<u>TOTAL (MEMO ONLY)</u>
351,024	984	352,008	3,192,286
-	-	-	550
1	-	1	7
-	-	-	100
-	-	-	967,590
<u>351,025</u>	<u>984</u>	<u>352,009</u>	<u>4,160,533</u>
167,879	-	167,879	1,761,975
49,724	-	49,724	536,570
20,875	-	20,875	96,830
1,475	-	1,475	9,837
29,767	-	29,767	208,975
1,914	-	1,914	28,285
56,702	-	56,702	118,524
-	-	-	36,962
550	-	550	41,382
-	-	-	1,060
2,161	-	2,161	57,740
-	-	-	9,643
-	984	984	75,485
19,978	-	19,978	209,675
-	-	-	967,590
<u>351,025</u>	<u>984</u>	<u>352,009</u>	<u>4,160,533</u>
-	-	-	-
-	-	-	-
-	-	-	-

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

SCHEDULE 3

CHILD CARE FOOD PROGRAM (USDA)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>GRANT YEAR ENDING</u>		TOTAL
	SEPTEMBER 30, <u>2012</u>	SEPTEMBER 30, <u>2013</u>	(MEMO ONLY)
<u>SUPPORT AND REVENUE</u>			
Grant funds	\$ 57,120	183,711	240,831
Total support and revenue	<u>57,120</u>	<u>183,711</u>	<u>240,831</u>
<u>EXPENDITURES</u>			
Personnel	33,787	624	34,411
Fringe benefits	11,537	229	11,766
Space	4,072	987	5,059
Consumable supplies	4,735	2,049	6,784
Food costs	(1,032)	179,748	178,716
Indirect cost	<u>4,021</u>	<u>74</u>	<u>4,095</u>
Total expenditures	<u>57,120</u>	<u>183,711</u>	<u>240,831</u>
Changes in net assets	-	-	-
Net assets, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Net asset, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE VIRGINIA DEPARTMENT OF SOCIAL SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE 4

	<u>CSBG</u>		<u>TOTAL</u> (MEMO ONLY)
	<u>GRANT YEAR ENDING</u> <u>JUNE 30,</u> <u>2012</u>	<u>JUNE 30,</u> <u>2013</u>	
<u>SUPPORT AND REVENUE</u>			
Grant funds	\$ 285,769	186,799	472,568
Total support and revenue	<u>285,769</u>	<u>186,799</u>	<u>472,568</u>
<u>EXPENDITURES</u>			
Personnel	94,158	75,238	169,396
Fringe benefits	32,989	27,752	60,741
Contractual	56,620	5,785	62,405
Travel	6,050	715	6,765
Space	29,391	23,221	52,612
Telephone	7,967	6,181	14,148
Vehicle maintenance	837	3,439	4,276
Insurance	8,798	10,978	19,776
Consumable supplies	3,091	1,911	5,002
Cost of materials	172	3,619	3,791
Rental, lease or purchase of equipment	11,609	2,073	13,682
Other direct cost	22,882	16,934	39,816
Indirect cost	<u>11,205</u>	<u>8,953</u>	<u>20,158</u>
Total expenditures	<u>285,769</u>	<u>186,799</u>	<u>472,568</u>
Changes in net assets	-	-	-
Net assets, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Net asset, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE VIRGINIA DEPARTMENT OF SOCIAL SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE 5

	CSBG STATE GRANT YEAR ENDING JUNE 30, <u>2013</u>
<u>SUPPORT AND REVENUE</u>	
Grant funds	\$ <u>21,100</u>
Total support and revenue	<u>21,100</u>
<u>EXPENDITURES</u>	
Personnel	12,609
Fringe benefits	4,622
Other direct cost	2,368
Indirect cost	<u>1,501</u>
Total expenditures	<u>21,100</u>
Changes in net assets	-
Net assets, beginning	<u>-</u>
Net asset, ending	<u>\$ -</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

SCHEDULE 6

CITY OF LYNCHBURG

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>HOUSING 2011-2012</u>	<u>HOUSING 2012</u>	<u>HOUSING TIMBRIDGE HILL</u>	<u>TOTAL (MEMO ONLY)</u>
<u>SUPPORT AND REVENUE</u>				
Grant funds	\$ -	19,200	93,708	112,908
Program income	<u>1,750</u>	<u>-</u>	<u>-</u>	<u>1,750</u>
Total support and revenue	<u>1,750</u>	<u>19,200</u>	<u>93,708</u>	<u>114,658</u>
<u>EXPENDITURES</u>				
Contractual	1,750	19,200	93,614	114,564
Other direct cost	<u>-</u>	<u>-</u>	<u>94</u>	<u>94</u>
Total expenditures	<u>1,750</u>	<u>19,200</u>	<u>93,708</u>	<u>114,658</u>
Changes in net assets	-	-	-	-
Net assets, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net asset, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
CITY OF LYNCHBURG
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE 7

	HOME GRANT <u>2011</u>	HOME GRANT <u>2012</u>	TOTAL (MEMO ONLY)
<u>SUPPORT AND REVENUE</u>			
Grant funds	\$ 38,477	41,555	80,032
Total support and revenue	<u>38,477</u>	<u>41,555</u>	<u>80,032</u>
<u>EXPENDITURES</u>			
Contractual	38,477	41,374	79,851
Other direct cost	<u>-</u>	<u>181</u>	<u>181</u>
Total expenditures	<u>38,477</u>	<u>41,555</u>	<u>80,032</u>
Changes in net assets	-	-	-
Net assets, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Net asset, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC

SCHEDULE 8

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

VIRGINIA CARES GRANT

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>GRANT YEAR ENDING</u>		<u>TOTAL</u>
	<u>JUNE 30,</u>	<u>JUNE 30,</u>	<u>(MEMO</u>
	<u>2012</u>	<u>2013</u>	<u>ONLY)</u>
<u>SUPPORT AND REVENUE</u>			
Grant funds	\$ 35,064	48,166	83,230
Contributions	-	200	200
Total support and revenue	<u>35,064</u>	<u>48,366</u>	<u>83,430</u>
<u>EXPENDITURES</u>			
Personnel	21,937	21,127	43,064
Fringe benefits	8,012	7,723	15,735
Contractual	1,026	2,670	3,696
Travel	461	-	461
Space	(6,017)	9,015	2,998
Telephone	55	28	83
Vehicle maintenance	161	958	1,119
Insurance	1,844	-	1,844
Consumable supplies	950	810	1,760
Rental, lease or purchase of equipment	3,352	522	3,874
Other direct cost	673	2,999	3,672
Indirect cost	<u>2,610</u>	<u>2,514</u>	<u>5,124</u>
Total expenditures	<u>35,064</u>	<u>48,366</u>	<u>83,430</u>
Changes in net assets	-	-	-
Net assets, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Net asset, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

SCHEDULE 9

HOPWA GRANT

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>GRANT YEAR ENDING</u>		<u>TOTAL</u>
	<u>JUNE 30,</u>	<u>JUNE 30,</u>	<u>(MEMO</u>
	<u>2012</u>	<u>2013</u>	<u>ONLY)</u>
 <u>SUPPORT AND REVENUE</u>			
Grant funds	\$ 23,544	24,732	48,276
Contributions	250	-	250
 Total support and revenue	 23,794	 24,732	 48,526
 <u>EXPENDITURES</u>			
Personnel	7,098	4,755	11,853
Fringe benefits	2,588	1,743	4,331
Consumable supplies	514	248	762
Other direct cost	12,749	17,420	30,169
Indirect cost	845	566	1,411
 Total expenditures	 23,794	 24,732	 48,526
 Changes in net assets	 -	 -	 -
 Net assets, beginning	 -	 -	 -
 Net asset, ending	 \$ -	 -	 -

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
STATE SHELTER GRANT
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE 10

SUPPORT AND REVENUE

Grant funds	\$ 85,206
Program income	<u>200</u>
Total support and revenue	<u>85,406</u>

EXPENDITURES

Personnel	43,470
Fringe benefits	13,260
Contractual	1,750
Space	4,971
Telephone	10
Vehicle maintenance	291
Consumable supplies	2,746
Cost of materials	483
Other direct cost	13,252
Indirect cost	<u>5,173</u>
Total expenditures	<u>85,406</u>
Changes in net assets	-
Net assets, beginning	<u>-</u>
Net asset, ending	<u>\$ -</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

SCHEDULE 11

FAMILY LIVING CENTER

FOR THE YEAR ENDED DECEMBER 31, 2012

SUPPORT AND REVENUE

Grant funds	\$ 44,630
Total support and revenue	<u>44,630</u>

EXPENDITURES

Personnel	14,396
Fringe benefits	1,629
Contractual	8,409
Travel	183
Space	11,637
Telephone	1,362
Vehicle maintenance	801
Consumable supplies	3,157
Other direct cost	339
Rental, lease or purchase of equipment	1,004
Indirect cost	<u>1,713</u>
Total expenditures	<u>44,630</u>
Changes in net assets	-
Net assets, beginning	<u>-</u>
Net asset, ending	<u>\$ -</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC

SCHEDULE 12

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE VIRGINIA DEPARTMENT OF HOUSING
 WEATHERIZATION PROGRAMS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>LIHEAP 2012</u>	<u>LIHEAP 2013</u>	<u>DOE STIMULUS GRANT</u>	<u>TOTAL WEATHER- IZATION</u>
<u>SUPPORT AND REVENUE</u>				
Grant funds	\$ 128,552	59,311	286,164	474,027
Program income	-	-	4,206	4,206
Total support and revenue	<u>128,552</u>	<u>59,311</u>	<u>290,370</u>	<u>478,233</u>
<u>EXPENDITURES</u>				
Personnel	48,335	23,883	121,111	193,329
Fringe benefits	18,093	9,859	44,956	72,908
Contractual	27,563	12,203	14,800	54,566
Travel	351	227	8,458	9,036
Space	810	30	6,558	7,398
Telephone	139	138	775	1,052
Vehicle maintenance	39	2,803	9,369	12,211
Consumable supplies	11	164	2,537	2,712
Cost of materials	13,408	2,162	50,587	66,157
Rental, lease or purchase of equipment	14,051	4,750	19,158	37,959
Other direct cost	-	250	(2,351)	(2,101)
Indirect cost	5,752	2,842	14,412	23,006
Total expenditures	<u>128,552</u>	<u>59,311</u>	<u>290,370</u>	<u>478,233</u>
Changes in net assets	-	-	-	-
Net assets, beginning	-	-	-	-
Net asset, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC

SCHEDULE 13

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
HUD HOUSING COUNSELING GRANT

FOR THE YEAR ENDED DECEMBER 31, 2012

	NATIONAL FORECLOSURE COUNSELING <u>2013</u>	HUD COUNSELING GRANT <u>2012</u>	VHDA REACH COUNSELING GRANT <u>2012</u>	TOTAL (MEMO ONLY)
<u>SUPPORT AND REVENUE</u>				
Grant funds	\$ 7,756	13,007	22,669	43,432
Total support and revenue	<u>7,756</u>	<u>13,007</u>	<u>22,669</u>	<u>43,432</u>
<u>EXPENDITURES</u>				
Personnel	5,219	5,810	16,052	27,081
Fringe benefits	1,916	2,129	5,826	9,871
Contractual	-	(1)	-	(1)
Travel	-	2,646	(881)	1,765
Space	-	30	-	30
Telephone	-	758	(282)	476
Consumable supplies	-	597	(215)	382
Rental, lease or purchase of equipment	-	347	-	347
Other direct cost	-	-	259	259
Indirect cost	<u>621</u>	<u>691</u>	<u>1,910</u>	<u>3,222</u>
Total expenditures	<u>7,756</u>	<u>13,007</u>	<u>22,669</u>	<u>43,432</u>
Changes in net assets	-	-	-	-
Net assets, beginning	-	-	-	-
Transfer	-	-	-	-
Net asset, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

SCHEDULE 14

PROJECT DISCOVERY

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>GRANT YEAR ENDING</u>		<u>TOTAL</u>
	<u>JUNE 30,</u>	<u>JUNE 30,</u>	<u>(MEMO</u>
	<u>2012</u>	<u>2013</u>	<u>ONLY)</u>
<u>SUPPORT AND REVENUE</u>			
Grant funds	\$ 6,387	15,220	21,607
Total support and revenue	6,387	15,220	21,607
<u>EXPENDITURES</u>			
Personnel	4,401	9,412	13,813
Fringe benefits	1,614	3,435	5,049
Contractual	-	315	315
Travel	92	305	397
Space	(45)	90	45
Vehicle maintenance	(193)	367	174
Consumable supplies	43	26	69
Rental, lease or purchase			
Other direct cost	(49)	150	101
Indirect cost	524	1,120	1,644
Total expenditures	6,387	15,220	21,607
Changes in net assets	-	-	-
Net assets, beginning	-	-	-
Net asset, ending	\$ -	-	-

LYNCHBURG COMMUNITY ACTION GROUP, INC

SCHEDULE 15

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

SHARE HOMELESS INTERVENTION

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>FOR THE GRANT YEAR ENDING</u>		<u>TOTAL (MEMO ONLY)</u>
	<u>JUNE 30, 2012</u>	<u>JUNE 30, 2013</u>	
<u>SUPPORT AND REVENUE</u>			
Grant funds	\$ 52,527	84,568	137,095
Program income	110	-	110
Total support and revenue	<u>52,637</u>	<u>84,568</u>	<u>137,205</u>
<u>EXPENDITURES</u>			
Personnel	15,695	8,093	23,788
Fringe benefits	5,749	2,966	8,715
Contractual	1,570	2,669	4,239
Travel	427	-	427
Space	7,667	8,940	16,607
Telephone	44	28	72
Vehicle maintenance	193	916	1,109
Consumable supplies	1,285	600	1,885
Rental, lease, or purchase of equipment	3,214	522	3,736
Other direct cost	14,925	58,871	73,796
Indirect cost	1,868	963	2,831
Total expenditures	<u>52,637</u>	<u>84,568</u>	<u>137,205</u>
Changes in net assets	-	-	-
Net assets, beginning	-	-	-
Net asset, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

SCHEDULE 16

UNITED WAY GRANT

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>GRANT YEAR ENDING</u>		<u>TOTAL</u>
	<u>JUNE 30,</u>	<u>JUNE 30,</u>	<u>(MEMO</u>
	<u>2012</u>	<u>2013</u>	<u>ONLY)</u>
<u>SUPPORT AND REVENUE</u>			
Grant funds	\$ 16,323	52,871	69,194
Total support and revenue	16,323	52,871	69,194
<u>EXPENDITURES</u>			
Personnel	7,872	9,737	17,609
Fringe benefits	898	2,513	3,411
Contractual	2,466	-	2,466
Travel	85	-	85
Space	8,906	1,502	10,408
Telephone	130	-	130
Vehicle maintenance	30	-	30
Insurance	939	-	939
Consumable supplies	3,658	184	3,842
Cost of materials	128	-	128
Food costs	488	-	488
Rental, lease or purchase			
Other direct cost	(12,968)	35,501	22,533
Interest expense	2,754	2,275	5,029
Indirect cost	937	1,159	2,096
Total expenditures	16,323	52,871	69,194
Changes in net assets	-	-	-
Net assets, beginning	-	-	-
Net asset, ending	\$ -	-	-

LYNCHBURG COMMUNITY ACTION GROUP, INC

SCHEDULE 17

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE VIRGINIA DEPARTMENT OF HOUSING
 AND COMMUNITY DEVELOPMENT GRANTS
 (INDOOR PLUMBING REHABILITATION LOAN PROGRAM)

FOR THE YEAR ENDED DECEMBER 31, 2012

SUPPORT AND REVENUE

Grant funds	\$	59,951
Program income		<u>10,208</u>
Total support and revenue		<u>70,159</u>

EXPENDITURES

Contractual		65,730
Travel		1,945
Vehicle maintenance		77
Consumable supplies		1,369
Rental, lease or purchase of equipment		238
Other direct cost		<u>800</u>
Total expenditures		<u>70,159</u>
Changes in net assets		-
Net assets, beginning		<u>-</u>
Net asset, ending	\$	<u><u>-</u></u>

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
EMERGENCY HOME REPAIR GRANT
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE 18

SUPPORT AND REVENUE

Grant funds	\$ 3,475
Total support and revenue	<u>3,475</u>

EXPENDITURES

Contractual	1,230
Other direct cost	<u>2,245</u>
Total expenditures	<u>3,475</u>
Changes in net assets	-
Net assets, beginning	<u>-</u>
Net asset, ending	<u>\$ -</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
VIRGINIA HOUSING DEVELOPMENT AUTHORITY
SECTION 8 PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE 19

SUPPORT AND REVENUE

Grant funds	\$ 31,346
Total support and revenue	<u>31,346</u>

EXPENDITURES

Personnel	25,810
Fringe benefits	9,456
Contractual	1
Space	(1,754)
Telephone	(1,507)
Vehicle maintenance	(2,594)
Insurance	(1,006)
Consumable supplies	(1,310)
Rental, lease or purchase of equipment	457
Other direct cost	722
Indirect cost	<u>3,071</u>
Total expenditures	<u>31,346</u>
Changes in net assets	-
Net assets, beginning	<u>-</u>
Net asset, ending	<u>\$ -</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

SCHEDULE 20

EMERGENCY FOOD AND SHELTER
FOR THE YEAR ENDED DECEMBER 31, 2012

SUPPORT AND REVENUE

Grant funds	\$ 5,545
Total support and revenue	<u>5,545</u>

EXPENDITURES

Other direct cost	<u>5,545</u>
Total expenditures	<u>5,545</u>
Changes in net assets	-
Net assets, beginning	<u>-</u>
Net asset, ending	<u>\$ -</u>

LYNCHBURG COMMUNITY ACTION GROUP, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
OTHER PROGRAMS

FOR THE YEAR ENDED DECEMBER 31, 2012

	NEIGHBORHOOD STABILIZATION PROGRAM	HOUSING SERVICES TRAINING GRANT	GENERAL FUND	LYNCHBURG EMPLOYMENT SERVICES PROGRAM	TAX PREPARATION GRANT
<u>SUPPORT AND REVENUE</u>					
Grant funds	\$ 652	268	2,000	-	-
Interest income	-	-	88	-	-
Rental income	-	-	81,254	-	-
Contributions	-	-	751	31,234	-
Program income	-	-	<u>236,516</u>	-	<u>7,255</u>
Total support and revenue	<u>652</u>	<u>268</u>	<u>320,609</u>	<u>31,234</u>	<u>7,255</u>
<u>EXPENDITURES</u>					
Personnel	-	-	7,652	8,190	5,006
Fringe benefits	-	-	6,456	994	788
Contractual	(7)	-	69,216	16,646	23
Travel	85	268	17,509	-	-
Space	574	-	39,083	1,530	150
Telephone	-	-	5,445	163	-
Vehicle maintenance	-	-	10,517	75	-
Insurance	-	-	2,234	-	-
Consumable supplies	-	-	8,765	1,409	540
Cost of materials	-	-	985	-	-
Rental, lease, or purchase of equipment	-	-	5,586	52	-
Other direct cost	-	-	53,850	1,200	152
Interest expense	-	-	97,298	-	-
Depreciation expense	-	-	27,752	-	-
Indirect costs	-	-	<u>911</u>	<u>975</u>	<u>596</u>
Total expenditures	<u>652</u>	<u>268</u>	<u>353,259</u>	<u>31,234</u>	<u>7,255</u>
Changes in net assets	-	-	(32,650)	-	-
Net assets, beginning	-	-	<u>339,830</u>	-	-
Net asset, ending	<u>\$ -</u>	<u>-</u>	<u>307,180</u>	<u>-</u>	<u>-</u>

SCHEDULE 21

<u>CNA WALMART FOUNDATION</u>	<u>CNA WIA GRANT</u>	<u>SUNTRUST HOUSING COUNSELING PROGRAM</u>	<u>SCHOLARSHIP FUND</u>	<u>WELLS FARGO FORCLOSURE MITIGATION PROGRAM</u>	<u>RESPONSIBLE RIDES</u>	<u>TOTAL (MEMO ONLY)</u>
-	5,518	-	-	-	-	8,438
-	-	-	-	-	-	88
-	-	-	-	-	-	81,254
-	-	-	-	-	-	31,985
<u>19,006</u>	<u>-</u>	<u>1,439</u>	<u>-</u>	<u>10,339</u>	<u>53</u>	<u>274,608</u>
<u>19,006</u>	<u>5,518</u>	<u>1,439</u>	<u>-</u>	<u>10,339</u>	<u>53</u>	<u>396,373</u>
5,533	706	-	-	6,947	-	34,034
684	81	-	-	2,565	-	11,568
2,734	140	31	-	-	-	88,783
-	-	1,084	-	-	53	18,999
60	-	-	-	-	-	41,397
-	-	317	-	-	-	5,925
-	-	8	-	-	-	10,600
-	-	-	-	-	-	2,234
-	-	-	-	-	-	10,779
65	-	-	-	-	-	985
-	-	-	-	-	-	5,638
9,272	4,507	(1)	-	-	-	68,980
-	-	-	-	-	-	97,298
-	-	-	-	-	-	27,752
<u>658</u>	<u>84</u>	<u>-</u>	<u>-</u>	<u>827</u>	<u>-</u>	<u>4,051</u>
<u>19,006</u>	<u>5,518</u>	<u>1,439</u>	<u>-</u>	<u>10,339</u>	<u>53</u>	<u>429,023</u>
-	-	-	-	-	-	(32,650)
-	-	-	3,411	-	-	343,241
-	-	-	3,411	-	-	310,591

INDEPENDENT AUDIT REPORTS

**Comments on Internal Control
and
Reports on Compliance**

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

To the Board of Directors of
Lynchburg Community Action Group, Inc.

We have audited the financial statements of Lynchburg Community Action Group, Inc. (a nonprofit organization) as of and for the year ended December 31, 2012, and have issued our report thereon dated March 1, 2013. 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.

Internal Control over Financial Reporting

Management of Lynchburg Community Action Group, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Lynchburg Community Action Group, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lynchburg Community Action Group, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, others within the entity, the Board of Directors, and federal awarding agencies and pass-

N. Wesley Pughsley, Jr. & Associates, CPA

Roanoke, VA

March 1, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of

Lynchburg Community Action Group, Inc.

Compliance

We have audited Lynchburg Community Action Group, 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 Lynchburg Community Action Group, Inc.'s major federal programs for the year ended December 31, 2012. Lynchburg Community Action Group, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lynchburg Community Action Group, Inc.'s management. Our responsibility is to express an opinion on Lynchburg Community Action Group, Inc.'s compliance based on our audit.

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 Lynchburg Community Action Group, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lynchburg Community Action Group, Inc.'s compliance with those requirements.

In our opinion, Lynchburg Community Action Group, Inc. complied, in all material respects, with the 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.

Internal Control Over Compliance

Management of Lynchburg Community Action Group, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Lynchburg Community Action Group, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Lynchburg Community Action Group, Inc.'s internal control over compliance.

Board of Directors

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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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Lynchburg Community Action Group, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Lynchburg Community Action Group, Inc.'s responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Audit Committee, others within the entity, the Board of Directors, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

N. Wesley Pughsley, Jr. & Associates CPA

Roanoke, VA

March 1, 2013

LYNCHBURG COMMUNITY ACTION GROUP, INC
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting? yes no

Material weakness(es) identified? yes no

Reportable condition(s) identified not considered to be material to weakness(es)? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs? yes no

Material weakness(es) identified? yes no

Reportable condition(s) identified? yes no

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? yes no

Identification of major programs:

CFDA Number(s)	Name of Program or Cluster
93.600	Head Start (DHHS)
93.667	Community Services Block Grant
81.042	Weatherization Assistance for Low-Income Persons
93.568	Low Income Home Energy Assistance Program
93.558	Temporary Assistance for Low-Income Persons
10.558	USDA Reimbursement (Child Care Food Program)

Dollar threshold used to distinguish between Type A and B programs: \$300,000

Auditor qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

There are no Findings

PRIOR YEAR FOLLOW-UP

Findings noted in the prior year were cleared in the current year.

March 1, 2013

To the Audit Committee of

Lynchburg Community Action Group, Inc.

We have audited the financial statements of Lynchburg Community Action Group, Inc. for the year ended December 31, 2012, and have issued our report thereon dated March 1, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 18, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Lynchburg Community Action Group, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during . We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the Cost Allocation in Note 11 is based on total indirect cost over total personnel cost. We evaluated the key factors and assumptions used to develop the Cost Allocation Plan in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

The disclosure of Note Payable in Note 4 and Cost Allocation in Note 11 are sensitive to the financial statements because of their significance.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has

corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 1, 2013.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

This information is intended solely for the use of Audit Committee, management and funding sources of Lynchburg Community Action Group, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

N. Wesley Pughsley, Jr. & Associates, CPA