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**ACTION FOR BRIDGEPORT COMMUNITY DEVELOPMENT, INC.**

**FEDERAL SINGLE AUDIT REPORT**

**SEPTEMBER 30, 2015**

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**Independent Auditors' Report on Compliance for Each Major Federal Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of Federal Awards Required by OMB Circular A-133**

To the Board of Directors  
Action for Bridgeport Community Development, Inc.  
Bridgeport, Connecticut

**Report on Compliance for Each Major Federal Program**

We have audited Action for Bridgeport Community Development, Inc.'s (ABCD) 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 ABCD's major federal programs for the year ended September 30, 2015. ABCD's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, ABCD 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 September 30, 2015.

## **Report on Internal Control over Compliance**

Management of ABCD 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 ABCD's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ABCD's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of ABCD as of and for the year ended September 30, 2015 and have issued our report thereon dated March 16, 2016, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
March 16, 2016

# ACTION FOR BRIDGEPORT COMMUNITY DEVELOPMENT, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Period Ending</u>	<u>Pass-Through Grantor Grant Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<b>U.S. Department of Health and Human Services</b>				
<i>Direct:</i>				
Head Start	9/15	-	93.600	\$ 9,546,216
<i>Passed Through the Connecticut Department of Education:</i>				
Head Start - Healthy Start	9/14	-	93.600	230
				<u>9,546,446</u>
<i>Passed Through the Connecticut Department of Social Services:</i>				
CT Energy Assistance Program - Bridgeport	9/15	11DSS4301	93.568	6,194,086
CT Energy Assistance Program - Norwalk	9/15	11DSS4301	93.568	2,946,487
CT Energy Assistance Program - Administration	9/15	11DSS4301	93.568	1,190,116
CT Energy Assistance Program - Assurance 16	9/15	11DSS4301	93.568	129,185
				<u>10,459,874</u>
Community Services Block Grant	9/15	13DSS1501	93.569	<u>919,616</u>
Social Services Block Grant - Child Daycare	6/15	12DSS3001	93.667	1,075,398
Social Services Block Grant - Child Daycare	6/16	13DSS3001	93.667	485,421
Human Services Infrastructure	9/14	13DSS1501	93.667	138,150
				<u>1,698,969</u>
Total U.S. Department of Health and Human Services				<u>22,624,905</u>
<b>U.S. Department of Homeland Security</b>				
<i>Passed Through the United Way of Eastern Fairfield County:</i>				
Emergency Food and Shelter Program	12/15	-	97.024	<u>11,680</u>
<b>U.S. Department of Energy</b>				
<i>Passed Through the Connecticut Department of Energy and Environmental Protection:</i>				
Weatherization	5/15	-	81.042	318,322
Weatherization	6/16	-	81.042	255,506
				<u>573,828</u>
Total U.S. Department of Energy				<u>573,828</u>
<b>U.S. Department of Housing and Urban Development</b>				
<i>Passed Through the City of Bridgeport:</i>				
Community Development Block Grant - Rental Assistance	6/15	BG-05-04	14.218	23,892
Community Development Block Grant - Energy Assistance	6/15	BG-05-01	14.218	30,000
				<u>53,892</u>
<i>Passed Through New Opportunities, Inc.:</i>				
Housing Mobility	6/15	10DSS2601T0	14.856	<u>10,519</u>
Total U.S. Department of Housing and Urban Development				<u>64,411</u>
<b>U.S. Department of Agriculture</b>				
<i>Passed Through the Connecticut Department of Education:</i>				
Child and Adult Care Food Program	9/15	015FOC	10.558	<u>1,223,596</u>
<b>U.S. Department of Education</b>				
<i>Passed Through the City of Bridgeport:</i>				
Preschool Development Grant	6/16	-	84.419	<u>8,847</u>
<b>Total Federal Awards</b>				<u>\$ 24,507,267</u>

The accompanying notes are an integral part of this schedule

# ACTION FOR BRIDGEPORT COMMUNITY DEVELOPMENT, INC.

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

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### NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Action for Bridgeport Community Development, Inc. (ABCD) under programs of the federal government for the year ended September 30, 2015. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of ABCD it is not intended to, and does not, present the financial position, changes in net assets or cash flows of ABCD.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* wherein certain types of expenditures are not allowable or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

### NOTE 3 - SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, ABCD provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Subrecipient Expenditures
93.600	Head Start	\$ 287,222

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## **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***

To the Board of Directors  
Action for Bridgeport Community Development, Inc.  
Bridgeport, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Action for Bridgeport Community Development, Inc. (ABCD), which comprise the statement of financial position as of September 30, 2015 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 16, 2016.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered ABCD's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ABCD's internal control. Accordingly, we do not express an opinion on the effectiveness of ABCD'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001, that we consider to be a significant deficiency.

## **Compliance and Other Matters**

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

### **ABCD's Response to Finding**

ABCD's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. ABCD's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 result of that testing, and not to provide an opinion on the effectiveness of ABCD's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ABCD's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
March 16, 2016



# ACTION FOR BRIDGEPORT COMMUNITY DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

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### I. SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
- Significant deficiency(ies) identified?   x   yes      \_\_\_\_\_ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 501(a) of Circular A-133? \_\_\_\_\_ yes        x   no

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
93.600	Head Start
93.667	Social Services Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$      735,218

Auditee qualified as a low-risk auditee?   x   yes      \_\_\_\_\_ no

### II. FINANCIAL STATEMENT FINDINGS

**2015-001**                      Expense Cut-Off

**Criteria**                      Accounting principles generally accepted in the United States of America require that expenses be recognized when incurred, that is, when the related goods or services are received.

**Condition**                    We noted instances in which 1) expenses were accrued that had not been incurred, 2) an accrual was not made when the expense was incurred, and 3) expenses paid in advance were not recognized as prepaid.

**Effect**                          The effect is that prepaid expenses were understated by \$14,112 and accounts payable and accrued expenses were overstated by \$345,881.

<b>Context</b>	No prepaid expenses were reported. Total recorded accounts payable and accrued expenses as of September 30, 2015 are \$1,686,670.
<b>Cause</b>	Unknown.
<b>Recommendation</b>	We recommend that management pay closer attention to recording expenses in the proper period.
<b>Management Response and Planned Corrective Action</b>	<p>Based on contractual agreements signed prior to the fiscal year end of September 30, 2015, we were under the assumption that the roofing job would be completed by year end. Therefore, the expenses were accrued. However, there were delays that did not come to Finance's attention. In the future, Finance will request the Operations department to notify Finance of any project delays. Finance will also ensure that only expenses incurred during the fiscal year are accrued for.</p> <p>We will review Accounts Payable listing subsequent to year end for any expenditure that needs to be accrued as of year end.</p> <p>We will pay closer attention to not only the date of the invoices but also the period that the expenses will be incurred.</p>

### **III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.