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ACTION FOR BRIDGEPORT COMMUNITY DEVELOPMENT, INC.

STATE SINGLE AUDIT REPORT

SEPTEMBER 30, 2015

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STATE SINGLE AUDIT REPORT

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**Independent Auditors' Report on Compliance for Each Major State Program;
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of State Financial Assistance Required by the State Single Audit Act**

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

Report on Compliance for Each Major State Program

We have audited Action for Bridgeport Community Development, Inc.'s (ABCD) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of ABCD's major state programs for the year ended September 30, 2015. ABCD's major state 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 state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of ABCD's major state 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 State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 state 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 state program. However, our audit does not provide a legal determination of ABCD's compliance.

Opinion on Each Major State 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 state 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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, 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 state 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 state 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

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 state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act 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 state financial assistance 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 STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED SEPTEMBER 30, 2015

State Grantor/Pass-Through Grantor/Program Title	Grant Period Ending	Grant Number	State Core-CT Number	Expenditures
Department of Social Services				
<i>Direct:</i>				
Human Services Infrastructure	9/15	13DSS1501	11000-DSS60000-16174	\$ 404,980
Human Services Infrastructure	9/15	13DSS1501	11000-DSS60000-16160	10,526
Total Department of Social Services				<u>415,506</u>
Department of Children and Families				
<i>Direct:</i>				
Tender Loving Child Care	6/15	14DCF0084AA	11000-DCF91110-16064	205,607
Tender Loving Child Care	6/16	14DCF0084AA	11000-DCF91110-16064	61,938
Total Department of Children and Families				<u>267,545</u>
Office of Early Childhood				
<i>Direct:</i>				
Head Start Link	6/15	810-100 11000-16202-2014-82079	11000-OEC64840-16202	613,646
Head Start Link	6/16	810-100 11000-16202-2015-82079	11000-OEC64840-16202	72,116
Head Start Early Childhood Link	6/15	810-100 11000-16202-2014-82079- 170003-SDE00007	11000-OEC64840-16202	124,164
Head Start Early Childhood Link	6/16	810-100 11000-16202-2015-82079- 170003-SDE00008	11000-OEC64840-16202	40,781
				<u>850,707</u>
Head Start Enhancement	6/15	810-100 11000-16106-2015-82079	11000-OEC64840-16106	185,884
Head Start Enhancement	6/16	810-100 11000-16106-2016-82079	11000-OEC64840-16106	67,254
				<u>253,138</u>
Head Start Services	6/15	810-100 11000-16101-2014-82079- SDE000006	11000-OEC64840-16101	167,356
Head Start Services	6/16	810-100 11000-16101-2015-82079- SDE000006	11000-OEC64840-16101	40,007
				<u>207,363</u>
Child Day Care	6/15	12DSS3001	11000-OEC64840-12520	749,999
Child Day Care	6/16	13DSS3001	11000-OEC64840-12520	337,326
				<u>1,087,325</u>
<i>Passed Through the City of Bridgeport:</i>				
School Readiness	6/15	-	11000-OEC64840-12113	1,432,480
School Readiness	6/16	-	11000-OEC64840-12113	458,451
				<u>1,890,931</u>
Minor Capital Improvement Bonding	6/15	-	12052-SDE64000-43582	579,752
Minor Capital Improvement Bonding	6/16	-	12052-SDE64000-43582	256,707
				<u>836,459</u>
Total Office of Early Childhood				<u>5,125,923</u>
Office of Policy and Management				
<i>Direct:</i>				
Youth Services Prevention	6/15	15YSP-ABCD	11000-OPM20350-12559	38,828
Total State Financial Assistance				<u>\$ 5,847,802</u>

The accompanying notes are an integral part of this schedule

ACTION FOR BRIDGEPORT COMMUNITY DEVELOPMENT, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of Action for Bridgeport Community Development, Inc. (ABCD) under programs of the State of Connecticut for the year ended September 30, 2015. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. 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

The accounting policies of ABCD conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The information in the Schedule is presented based on regulations established by the State of Connecticut, Office of Policy and Management.

The expenditures reported on the Schedule are presented on the accrual basis of accounting. For cost-reimbursement awards, expenditures have been recognized to the extent of allowable costs incurred. For performance-based awards, expenditures reported represent amounts earned.



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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 Findings

ABCD's response to the findings 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

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

State Financial Assistance

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 4-236-24 of the Regulations to the State Single Audit Act? _____ yes x no

The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
Office of Early Childhood:		
Child Day Care	11000-OEC64840-12520	\$ 1,087,325
Head Start Link	11000-OEC64840-16202	850,707
Minor Capital Improvement Bonding	12052-SDE64000-43582	836,459
Department of Children and Families:		
Tender Loving Child Care	11000-DCF91110-16064	267,545
Dollar threshold used to distinguish between type A and type B programs:		\$ 200,000

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.
Context	No prepaid expenses were reported. Total recorded accounts payable and accrued expenses as of September 30, 2015 are \$1,686,670.
Cause	Unknown.
Recommendation	We recommend that management pay closer attention to recording expenses in the proper period.
Management Response and Planned Corrective Action	<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. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.