



REGION 10 LEAGUE FOR ECONOMIC
ASSISTANCE AND PLANNING, INC.

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

December 23, 2019

To the Board of Directors
Region 10 League for Economic Assistance and Planning, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Region 10 League for Economic Assistance and Planning, Inc., which comprise the statement of net position as of June 30, 2019 and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Region 10 League for Economic Assistance and Planning, Inc. as of June 30, 2019, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Board of Directors
December 23, 2019
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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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 December 23, 2019, on our consideration of the Region 10 League for Economic Assistance and Planning 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 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 Region 10 League for Economic Assistance and Planning Inc.'s internal control over financial reporting and compliance.

Chadwick, Steinkirchner, Davis & Co., P.C.

Region 10 League for Economic Assistance and Planning, Inc.
Management's Discussion and Analysis (Unaudited)
As of and for the fiscal year ending June 30, 2019

Region 10 League of Economic Assistance and Planning, Inc. (Region 10) is pleased to offer the readers of the Region 10 financial statements this narrative overview of financial statements for the fiscal year ending June 30, 2019. The financial statements for Region 10 are comprised of the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows.

Financial Highlights

During the fiscal year ending June 30, 2019, the organization engaged in activities that substantially impacted the financial statements:

- Region 10 continues to invest in completion of the regional broadband infrastructure plan. The project currently has operational equipment in eight community Carrier Neutral Locations and will expand to reach several more communities in FY 2020. As the project begins operations and depreciation of the assets, the project will begin to decrease equity accumulated during the capital portion of the project that was supported by grant revenues. Some of the assets that were built in the larger municipalities will be conveyed to those entities, with Region 10 retaining an Infeasible Right of Use (IRU) on a portion for open access. Operations are expected to cash flow with a positive margin by the end of 2020, but not recover previous capital investments, which will reflect as an overall negative margin with depreciation expenses.
- The organization continues to have a significant demand for loans to small businesses, which prompted additional borrowing of funds from the Small Business Administration of \$400,000. Much of the funding was loaned to regional small businesses, along with other funding supported by federal, state and organizational loan funds. In April 2019, Region 10 began hosting the West Central SBDC, which provided funding for the SBRC Director position, and allowed the program to increase services to small businesses and begin development of satellite offices.
- The Area Agency on Aging had a budgeting challenge during the fiscal year, as federal funds were not available in the beginning of the fiscal year. To keep programs operational, a portion of state funding had to be allocated to all programs (including those typically only receiving federal support.) This year, the state has allocated both federal and state funds evenly through the year, which will assist with budgeting for increasing levels of service demands.
- In February 2018 the Region 10 Board of Directors approved the sale of the Enterprise Center to the Center for Mental Health and the purchase and remodel of a new facility to reflect better community use of each of the buildings. The organization moved into the new location in June 2019 and began depreciation of the facility in the current fiscal year.

Discussion and Analysis

Statement of Net Position: The Statement of Net Position provides information on the assets and liabilities for the organization. The difference between assets and liabilities is reported as *net position*. The statement also provides the basis for determining the overall financial health of Region 10 including liquidity and financial flexibility. At June 30, 2019, total assets were \$13,249,377. A significant portion of the current assets is related to the broadband project, including assets to be conveyed of \$1,699,721. Other major assets for the organization are the facility, equipment and loan receivable. Total liabilities

for the organization were \$1,278,295. Liabilities for the organization include notes payable to the Small Business Administration, amounts due for construction on the broadband project and general operations. Overall, the difference between the assets and liabilities result in positive net position of \$11,971,082.

A summary of the statement of net position is included as Table A below. Region 10's net position (the difference between assets and liabilities) is one way to measure the financial health of Region 10. In FY 2019, the organization continued to improve the overall net position.

TABLE A

Statement of Net position

| | <u>FY 2018</u> | <u>FY 2019</u> |
|----------------------------------|----------------------|----------------------|
| Current assets | \$ 4,351,386 | \$ 3,468,516 |
| Non-current/Restricted assets | <u>9,031,224</u> | <u>9,780,861</u> |
| Total assets | <u>\$ 13,382,610</u> | <u>\$ 13,249,377</u> |
| Current liabilities | \$ 1,973,905 | \$ 594,858 |
| Long-term liabilities | <u>300,146</u> | <u>683,437</u> |
| Total liabilities | <u>\$ 2,274,051</u> | <u>\$ 1,278,295</u> |
| Net position: | | |
| Net investment in capital assets | \$ 7,497,454 | \$ 8,251,777 |
| Unrestricted | <u>3,611,105</u> | <u>3,719,305</u> |
| Total net position | <u>\$ 11,108,559</u> | <u>\$ 11,971,082</u> |

Statement of Revenues, Expenses and Changes in Net Position: Region 10 offers several enterprise type services including: Small Business Resource Center and Business Loan Fund, Area Agency on Aging and Community Living Services, Enterprise Zone Business Tax Credits and Contribution Projects, Regional Transit and Transportation Planning and Support, Economic Planning Partnership and more recently, Regional Broadband services. Regional services are funded primarily through grants, member assessments, and other operating income and contributions. For the fiscal year ending on June 30, 2019, total operating revenues were \$4,108,832. With total operating expenses of \$3,244,900, the overall result was a net increase of \$863,932 from operations. Although not as large as prior fiscal years, a significant portion of the net increase was related to grant revenues for the broadband project and as a significant amount of uses of the funds were classified as an asset related to work in progress for the broadband project. Combined with other interest income and expense, the change in overall net position for the year was \$862,523.

Table B below summarize the revenues, expenses and changes in net position for FY 2019 compared to FY 2018. The decrease in operational revenues was due to less grant revenue, primarily for the broadband project. Also, in FY 2018, there was a one-time revenue of gain on the sale of property, as the organization moved to a new location. Nonetheless, the overall net position increased from the prior year.

TABLE B
Statement of Revenues, Expenses and Changes in Net Position

| | <u>FY ended</u> <u>June 30, 2018</u> | <u>FY ended</u> <u>June 30, 2019</u> |
|--|---|---|
| Total operating revenues | \$7,643,658 | \$4,108,832 |
| Total operating expenditures | <u>2,539,500</u> | <u>3,244,900</u> |
| Excess (deficit) of revenues over (under) expenditures | 5,104,158 | 863,932 |
| Other revenues (expenses)* | <u>931,214</u> | <u>(1,409)</u> |
| Change in net position | 6,035,372 | 862,523 |
| Net position, beginning | <u>5,073,187</u> | <u>11,108,559</u> |
| Net position, ending | <u>\$11,108,559</u> | <u>\$11,971,082</u> |

*Includes gain on sale of property in FY 2018

Statement of Cash Flows: The statement of cash flows presents information concerning Region 10's cash receipts and cash payments during the year. The statement reports the cash receipts, cash payments and net cash from operations, investments, intergovernmental grants, and related financial activities. On June 30, 2019, cash and cash equivalents were \$693,763. A significant portion of the cash on hand is related to capital in the business loan program.

Budget Considerations

Region 10 operates a number of programs, with the primary services listed below:

- Community Living Services/Area Agency on Aging
- Small Business Resources/Business Loan Fund
- Enterprise Zone Tax Credit Programs
- Gunnison Valley Transportation Planning Region
- Economic Planning Partnerships/Community Development
- Regional Broadband Access

Region 10's financial goal is to continue steady growth and continued net positive operations in each of the areas of service. Each of the services maintains a minimum direct service breakeven point, and most of the services also support the administrative services, which is allocated to each of the service areas.

The board of directors and the management of Region 10 considered many factors when they established the budget for FY 2019, including anticipated grants for special projects, and the items discussed in the financial analysis above. As membership assessments have remained static, other grant and revenue funding sources continue to be identified and expenses reviewed to maintain a net positive position. Over the past few years, there have been significant service increases with program expansion for small business services and regional economic development support. The regional broadband project will continue have a significant impact on the organization, particularly during the implementation and start-up phase. In the years after the project implementation, the organization will depreciate these assets, decreasing equity that accumulated from grant revenues in prior fiscal years. The program directors also strive to continue to find innovative programs to meet demands, such as leveraging one-on-one business consulting with larger training opportunities, and participating in the Senior Companion program to meet growing needs for Older Adults and their families. Programs such

as these and others in the organization enable Region 10 to meet growing community needs in a cost-effective manner.

CONTACT REGION 10

This financial report is designed to provide our board of directors, funding partners and other interested parties with the general overview of Region 10's finances and demonstrates accountability for the money it receives. If you have any questions concerning this report or need additional information please contact Michelle Haynes, Executive Director at (970)249-2436 x 3122 or MHaynes@Region10.net.

Region 10 League for Economic Assistance and Planning, Inc.

STATEMENT OF NET POSITION

June 30, 2019

ASSETS

Current assets

| | |
|-------------------------------|------------------|
| Cash | \$ 543,763 |
| Accounts receivable | |
| Current portion of loans | 322,458 |
| Grants | 846,187 |
| Other | 14,855 |
| Assets to be conveyed | 1,699,721 |
| Prepaid expenses and deposits | 41,532 |
| Total current assets | <u>3,468,516</u> |

| | |
|---|------------------|
| Restricted cash, SBA loans | 150,000 |
| Loans, net of allowance, less current portion | 1,379,084 |
| Capital assets, net of accumulated depreciation | <u>8,251,777</u> |

Total assets 13,249,377

LIABILITIES

Current liabilities

| | |
|-----------------------------------|----------------|
| Accounts payable | 359,660 |
| Accrued expenses | 57,468 |
| Unearned revenue | 73,434 |
| Current portion of long-term debt | 104,296 |
| Total current liabilities | <u>594,858</u> |

| | |
|--------------------------------------|----------------|
| Bank line of credit | 88,112 |
| Long-term debt, less current portion | <u>595,325</u> |

Total liabilities 1,278,295

NET POSITION

| | |
|----------------------------------|----------------------|
| Net investment in capital assets | 8,251,777 |
| Unrestricted | <u>3,719,305</u> |
| Total net position | <u>\$ 11,971,082</u> |

The accompanying notes are an integral part of this statement.

Region 10 League for Economic Assistance and Planning, Inc.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended June 30, 2019

| | | |
|-----------------------------------|---|--------------------------|
| Operating revenue | | |
| Grants | \$ | 2,383,575 |
| Loan and related income | | 103,501 |
| Enterprise Zone | | 61,140 |
| Regional Broadband | | 1,391,475 |
| Miscellaneous income | | 24,188 |
| Member dues | | 144,953 |
| | | <u>4,108,832</u> |
| Operating expenses | | |
| Program services | | |
| Area Agency on Aging | | 1,665,756 |
| Community services | | 191,385 |
| Regional Broadband | | 193,765 |
| Business loan fund | | 357,599 |
| Transportation | | 43,190 |
| Enterprise Center | | 36,538 |
| General and administrative | | 756,667 |
| | | <u>3,244,900</u> |
| | Operating income (loss) | 863,932 |
| Non-operating revenues (expenses) | | |
| Investment income | | 477 |
| Interest expense | | (1,886) |
| | Total non-operating revenues (expenses) | <u>(1,409)</u> |
| | Change in net position | 862,523 |
| Net position at beginning of year | | <u>11,108,559</u> |
| Net position at end of year | \$ | <u><u>11,971,082</u></u> |

The accompanying notes are an integral part of this statement.

Region 10 League for Economic Assistance and Planning, Inc.

STATEMENT OF CASH FLOWS

Year ended June 30, 2019

| | |
|--|---------------------|
| Cash flows from operating activities: | |
| Cash received from program activities | \$ 202,324 |
| Cash received from grants | 5,054,109 |
| Cash received from loan payments | 508,779 |
| Cash paid out for loans | (588,471) |
| Cash received from members | 137,389 |
| Cash paid to employees | (593,371) |
| Cash paid to suppliers | (2,263,559) |
| Net cash provided (used) by operating activities | <u>2,457,200</u> |
| Cash flows from capital and related financing activities: | |
| Acquisition or construction of capital assets | (2,827,940) |
| Debt issuance proceeds | 548,119 |
| Interest paid | (1,886) |
| Payments on long-term debt | (126,426) |
| Net cash provided (used) by capital and related financing activities | <u>(2,408,133)</u> |
| Cash flows from investing activities: | |
| Interest received | 477 |
| Net cash provided (used) by investing activities | <u>477</u> |
| Net increase (decrease) in cash | 49,544 |
| Cash at beginning of year | 644,219 |
| Cash at end of year | <u>\$ 693,763</u> |
| Reconciliation of Operating Income to Net Cash | |
| Provided (Used) by Operating Activities: | |
| Operating income | \$ 863,932 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation | 432,920 |
| Bad debts expense | 25,941 |
| (Increase) decrease in grants receivable | 1,279,059 |
| (Increase) decrease in other receivable | 13,495 |
| (Increase) decrease in prepaid expenses | (26,941) |
| (Increase) decrease in loans receivable | (79,692) |
| Increase (decrease) in accounts payable | (37,980) |
| Increase (decrease) in unearned revenue | (7,564) |
| Increase (decrease) in accrued expenses | (5,970) |
| Net cash provided (used) by operating activities | <u>\$ 2,457,200</u> |
| Noncash financing activity - capital asset acquisition with payables | \$ 66,954 |

The accompanying notes are an integral part of this statement.

Region 10 League for Economic Assistance and Planning, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Region 10 League for Economic Assistance and Planning, Inc.'s (the League's) significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Organization

The League is a governmental not-for-profit corporation established in 1972 and serves as an alliance of government and business. The members of the League include county and municipal governments within Delta, Gunnison, Hinsdale, Montrose, Ouray and San Miguel Counties. The League is governed by a board of directors with representation from member jurisdictions and private sector appointees of each County's Board of Commissioners.

Programs

Area Agency on Aging

The Area Agency on Aging Division provides financial assistance to local organizations responsible for the delivery of services to seniors throughout the six county areas. Typical services provided include nutrition, transportation, legal, dental, homemaker, information and referral and ombudsman services. The division contracts with a variety of senior services organizations and administers state and federal funds to help these organizations improve the quality of life for seniors in the six county areas.

Community Services

The Community Services Division includes the Enterprise Zone tax credit programs Region 10 administers on behalf of the state, as well as specific grant-driven community technical assistance projects, resource development studies, and other special investigative studies that Region 10 conducts from time to time to support economic development and planning in the region. Region 10 is currently managing a substantial broadband project as well.

Regional Broadband

The Regional Broadband Program by Region 10 looks to address the critical regional demand for broadband access by installing infrastructure that will support the necessary technology. Region 10 will convey some of the infrastructure to other local governments. The end result of the broadband program will be to provide abundant, redundant, and affordable internet service to citizens, businesses, and visitors.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Transportation

The Transportation Division includes all programs related to transportation planning and development. The Gunnison Valley Transportation Region program prioritizes roadway and transit projects in the region for the Colorado Department of Transportation and produces a 30-year comprehensive plan that is updated every five years.

Business Loan Fund

Region 10 operates six specific business loan funds in the Business Loan Fund Division, based on the requirements of the various sources of capital for each fund. These monies are loaned to qualifying small businesses, communities and other entities at competitive rates in order to foster economic development and job growth throughout the region.

2. Reporting Entity

The reporting entity of the League includes those activities and functions over which the League is considered to be financially accountable. The League's financial statements include the accounts and operations of all of the League's functions. The League is the primary government and does not include any component units using the criteria set forth in generally accepted accounting principles.

The League is a special-purpose government engaged only in a business-type activity. For this type of government, only enterprise fund financial statements are presented.

3. Basis of Presentation – Fund Accounting

The accounts of the League are organized and operated on a fund basis. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to those applicable to businesses in the private sector.

GASB Statement No. 34 sets forth minimum criteria for the determination of major funds to be presented in the financial statements. Since the operations of the League are accounted for on a fund basis in a single enterprise fund, it is the only fund presented.

Enterprise funds may be used to account for operations (a) that are financed and operated in a manner similar to business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Basis of Accounting

Basis of accounting refers to when revenues or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary (enterprise) funds are presented on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of a fund are included on the statements of net position. Net position is categorized as net investment in capital assets; restricted for debt service and emergencies; and unrestricted. Fund operating statements present increases (e.g., revenues and contributions) and decreases (e.g., expenses) in net position. Proprietary funds are presented on an accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The League uses the accrual basis of accounting. When both restricted and unrestricted resources are available for use, it is the League's policy to use restricted resources first.

Operating revenues and expenses for enterprise funds are those that result from providing services and producing and delivering goods and/or services within the scope of the enterprise operation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Revenues from grants are recognized in the year in which all eligibility requirements have been satisfied.

5. Cash and Cash Equivalents

For purposes of the statement of cash flows, the League considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

6. Allowance for Doubtful Accounts

The allowance for loan losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. The allowance is increased by provisions charged to bad debt expense and reduced by net charge-off. The League reviews specific problem loans and looks at other factors in determining the adequacy of the allowance balance.

7. Membership Revenue Recognition

Membership revenue is recognized when paid by members and earned by the League via services and benefits available and provided.

Region 10 League for Economic Assistance and Planning, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Property and Equipment

Property and equipment is stated at cost or estimated fair value if donated. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets as follows:

| | |
|---------------------------|------------|
| Building and Improvements | 25 years |
| Equipment | 5-20 years |

Property and equipment costing \$2,000 or more and having an estimated useful life of over one year is capitalized. Maintenance, repairs and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

Depreciation expense for the year ended June 30, 2019 was \$432,920.

9. Income Taxes

The League is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

10. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

11. Cost Allocations

Administrative and space costs are allocated to programs on the basis of costs directly incurred for those programs.

12. Small Business Administration Loan Funds

The Small Business Administration (SBA) Loan Fund contracts require the League to hold the funds in separate bank accounts. At June 30, 2019 the League had four accounts open in compliance with the contract requirements. The SBA contracts also require a 15% reserve for losses on outstanding loans. At June 30, 2019 the cash reserves held by the League for SBA accounts exceeded the required \$150,000.

Region 10 League for Economic Assistance and Planning, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Risk Management

The League purchases commercial insurance to manage its risk of loss for all manners of risk (i.e., liability, malpractice, workers compensation, etc.). There have been no reductions in insurance coverage or settlements exceeding insurance coverage for the past three years.

14. Net Position

The net position of the League is classified in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the current balances of any outstanding borrowing used to finance the purchase or construction of those assets. Restricted amounts are non-capital assets that must be used for a particular purpose, as specified by creditors, grantors or contributors external to the League. The League currently has no restricted balances. Unrestricted balances are those that do not meet the definition of net investment in capital assets or restricted.

NOTE B – DEPOSITS

Cash Deposits

The League's deposits are governed by Colorado statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2019 the League's cash deposits had a carrying value as follows:

| | |
|---------------|-------------------|
| Cash in banks | \$ 693,613 |
| Cash on hand | 150 |
| | <u>\$ 693,763</u> |

Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2019, the carrying amount of the League's deposits was \$693,613 and the bank balance was \$871,030. Of that balance, \$605,837 was covered by FDIC insurance and \$265,193 was collateralized.

Region 10 League for Economic Assistance and Planning, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE C – PROPERTY AND EQUIPMENT

At June 30, 2019 capital assets (property, plant, and equipment) transactions and balances include the following:

| | <u>June 30,</u> <u>2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30,</u> <u>2019</u> |
|---|--------------------------------|----------------------|-----------------------|--------------------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 86,457 | \$ - | \$ - | \$ 86,457 |
| Construction in progress | <u>7,410,997</u> | <u>3,760,802</u> | <u>(9,622,354)</u> | <u>1,549,445</u> |
| Total assets not being depreciated | <u>7,497,454</u> | <u>3,760,802</u> | <u>(9,622,354)</u> | <u>1,635,902</u> |
| Capital assets being depreciated | | | | |
| Infrastructure IRU | - | 4,807,805 | - | 4,807,805 |
| Buildings | - | 1,003,674 | - | 1,003,674 |
| Equipment | - | <u>1,237,316</u> | - | <u>1,237,316</u> |
| Total capital assets being depreciated | - | 7,048,795 | - | 7,048,795 |
| Less accumulated depreciation | | | | |
| Infrastructure IRU | - | (252,905) | - | (252,905) |
| Buildings | - | (25,092) | - | (25,092) |
| Equipment | - | <u>(154,923)</u> | - | <u>(154,923)</u> |
| Total accumulated depreciation | - | <u>(432,920)</u> | - | <u>(432,920)</u> |
| Total capital assets being depreciated, net | - | <u>6,615,875</u> | - | <u>6,615,875</u> |
| Total capital assets, net | <u>\$7,497,454</u> | <u>\$ 10,376,677</u> | <u>\$ (9,622,354)</u> | <u>\$8,251,777</u> |

NOTE D – LONG-TERM DEBT

Long-term liabilities activities for the fiscal year ended June 30, 2019, was as follows:

| | <u>Beginning</u> <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending</u> <u>Balance</u> | <u>Amount Due</u> <u>Within</u> <u>One Year</u> |
|---------------|------------------------------------|-------------------|-------------------|---------------------------------|---|
| Notes Payable | <u>\$ 366,040</u> | <u>\$ 400,000</u> | <u>\$ 66,419</u> | <u>\$ 699,621</u> | <u>\$ 104,296</u> |

The League's long-term debt is as follows:

Note payable from the Small Business Administration in the original amount of \$200,000, due in monthly installments of \$1,911, including interest at 0.625% to 1.875% per annum. The note matures in September 2021. \$ 47,257

Note payable from the Small Business Administration in the original amount of \$200,000, due in monthly installments of \$1,852, including interest at 0.75%. The note matures in November 2022. 74,074

Region 10 League for Economic Assistance and Planning, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE D – LONG-TERM DEBT – CONTINUED

Note payable from the Small Business Administration in the original amount of \$200,000, due in monthly installments of \$1,912, including interest at 0.625%. The note matures in July 2028. 178,290

Note payable from the Small Business Administration in the original amount of \$400,000, due in monthly installments of \$3,965, including interest at 0.63%. The note matures in August 2029. 400,000

Amount due within one year 699,621
(104,296)

\$ 595,325

The aggregate maturities of Region 10's long-term debt are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|------------------|-------------------|
| 2020 | \$ 104,296 | \$ 11,305 | \$ 115,601 |
| 2021 | 105,749 | 9,852 | 115,601 |
| 2022 | 86,179 | 8,423 | 94,602 |
| 2023 | 71,832 | 7,077 | 78,909 |
| 2024 | 64,692 | 5,827 | 70,519 |
| 2025-2029 | <u>266,873</u> | <u>10,301</u> | <u>277,174</u> |
| | <u>\$ 699,621</u> | <u>\$ 52,785</u> | <u>\$ 752,406</u> |

Interest expense for the year ended June 30, 2019 was \$7,634.

NOTE E – LOANS RECEIVABLE

The composition of loans is as follows at June 30, 2019:

| | |
|---|---------------------|
| CDBG revolving loan funds | \$ 529,058 |
| Recycle revolving loan funds | 508,560 |
| Rural BLF Statewide Collaboration Project loan fund | 112,459 |
| SBA revolving loan funds | <u>662,453</u> |
| | 1,812,530 |
| Less allowance for loan losses | <u>(110,988)</u> |
| | <u>\$ 1,701,542</u> |

The above loans, primarily secured by real estate, consist of loans made with varying interest rates, 3.25% to 9.5% (depending on the loan program used by the borrower and the League), and maturities of 12 months to 120 months (again depending on the program used). Payments on the notes are generally due on a monthly basis; however, several loans have payments due quarterly or annually.

Region 10 League for Economic Assistance and Planning, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE F – PENSION PLAN

Region 10 sponsors a defined contribution pension plan under the provisions of Section 401(a) of the Internal Revenue Code. Region 10 mandates that all employees contribute 3% of their yearly salary, and Region 10 contributes a matching 3%.

Region 10 also offers a voluntary defined contribution plan under the provisions of Section 457 of the Internal Revenue Code. All employees are eligible to contribute starting eight weeks from their date of hire. Region 10 contributes at a 1:1 ratio up to a maximum of 2% of each eligible employee's salary.

Both the 401(a) and the 457 pension plans are administered by CCOERA. Contributions to the 401(a) plan for the year ended June 30, 2019 were \$16,929 from the employees and \$16,929 from the League. Contributions to the 457 plan for the year ended June 30, 2019 were \$41,375 from the employees and \$11,944 from the League.

NOTE G – COMMITMENTS

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal governments. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the League expects such amounts, if any, to be immaterial.

Assets to be conveyed – The League has a large broadband project which includes the construction of infrastructure related to the project. Some of the infrastructure will be conveyed to other entities upon completion and acceptance. The current carrying value of those assets is reported on the statement of net position at June 30, 2019 at \$1,699,721.

Line of Credit – Region 10 has a line of credit agreement dated June 11, 2018 with a bank of \$150,000 that was used in remodeling the newly purchased building. There was a balance on the account of \$88,112 as of June 30, 2019. The line bears interest at the JP Morgan Chase prime lending rate (currently 4.75%) with a maturity date of June 19, 2023. The line is collateralized by real property.

SUPPLEMENTARY INFORMATION

Region 10 League for Economic Assistance and Planning, Inc.

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

Year ended June 30, 2019

| | Budgeted Amounts | | Variance Favorable (Unfavorable) |
|---------------------------------------|---------------------------|----------------------|--|
| | <u>Original and Final</u> | <u>Actual</u> | |
| Operating revenue | | | |
| Grants | \$ 2,038,160 | \$ 2,383,575 | \$ 345,415 |
| Loan income | 100,440 | 103,501 | 3,061 |
| Enterprize Zone | 66,000 | 61,140 | (4,860) |
| Regional Broadband | 324,000 | 1,391,475 | 1,067,475 |
| Miscellaneous income | 6,000 | 24,188 | 18,188 |
| Member dues and assessments | 143,772 | 144,953 | 1,181 |
| | <u>2,678,372</u> | <u>4,108,832</u> | <u>1,430,460</u> |
| Operating expenses | | | |
| Program services | | | |
| Area Agency on Aging | 1,410,398 | 1,665,756 | (255,358) |
| Community services | 150,000 | 191,385 | (41,385) |
| Regional Broadband | 322,598 | 193,765 | 128,833 |
| Business loan fund | 320,545 | 357,599 | (37,054) |
| Transportation | 41,828 | 43,190 | (1,362) |
| Enterprise Center | 28,085 | 36,538 | (8,453) |
| General and administrative | 671,426 | 756,667 | (85,241) |
| | <u>2,944,880</u> | <u>3,244,900</u> | <u>(300,020)</u> |
| Operating income (loss) | (266,508) | 863,932 | 1,130,440 |
| Non-operating revenues (expenses) | | | |
| Investment income | 96 | 477 | 381 |
| Interest expense | (4,400) | (1,886) | 2,514 |
| | <u>(4,304)</u> | <u>(1,409)</u> | <u>2,895</u> |
| Change in net position | <u>\$ (270,812)</u> | 862,523 | <u>\$ 1,133,335</u> |
| Net position at the beginning of year | | <u>11,108,559</u> | |
| Net position at end of year | | <u>\$ 11,971,082</u> | |

SINGLE AUDIT SECTION

Region 10 League for Economic Assistance and Planning, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2019

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>FYE 2019 Amount of Award Expended</u> |
|--|------------------------------------|---|--|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| Passed through Colorado Department of Transportation | | | |
| Rural Business Development Grant | 10.351 | 201900002866 | \$ 6,896 |
| Direct | | | |
| Community Facilities Loans and Grants | 10.766 | | <u>39,440</u> |
| | | Total U.S. Department of Agriculture | 46,336 |
| U.S. DEPARTMENT OF COMMERCE | | | |
| Direct | | | |
| Economic Development Support for Planning Organizations | 11.302 | | 70,000 |
| Economic Adjustment Assistance | 11.307 | | <u>15,452</u> |
| | | Total U.S. Department of Commerce | 85,452 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| Passed through Montrose County, Colorado | | | |
| Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | | 156,611 |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Passed through Colorado Department of Transportation | | | |
| State Planning and Research | 20.515 | 411017533 | 26,600 |
| U.S. SMALL BUSINESS ADMINISTRATION | | | |
| Direct | | | |
| Small Business Development Centers | 59.037 | | 13,547 |
| Microloan Program | 59.046 | | <u>824,418</u> |
| | | Total U.S. Small Business Administration | 837,965 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Passed through Colorado Department of Human Services | | 19 IHEA 121339 | |
| Special Programs for the Aging, Title VII, Ch3-Programs for Prevention of Elder Abuse, Neglect and Exploitation | 93.041 | | 1,293 |
| Special Programs for the Aging, Title VII, Ch2-Long Term Care Ombudsman Services for Older Individuals | 93.042 | | 4,783 |
| Special Programs for the Aging, Title III, Part D – Disease Prevention and Health Promotion Services | 93.043 | | 3,654 |
| Special Programs for the Aging, Title III, Part B – Grants for Supportive Services and Senior Centers | 93.044 | | 200,526 |
| Special Programs for the Aging, Title III, Part C – Nutrition Services | 93.045 | | 333,534 |
| National Family Caregiver Support, Title III, Part E | 93.052 | | 63,702 |
| Nutrition Services Incentive Program | 93.053 | | 34,224 |
| Administration | * | | 66,308 |

Region 10 League for Economic Assistance and Planning, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-CONTINUED

Year ended June 30, 2019

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>FYE 2019 Amount of Award Expended</u> |
|---|------------------------------------|---|--|
| Passed through Colorado Department of Regulatory Agencies, Division of Insurance | | | |
| Medicare Enrollment Assistance Program | 93.071 | | <u>21,125</u> |
| Total U.S. Department of Health and Human Services | | | <u>729,149</u> |
| | | | <u>\$ 1,882,113</u> |

*Includes portions of Part B, Part C and Part E per SUA Option 19 IHEA121339

| <u>Clusters</u> | <u>CFDA #</u> | <u>Expenditures</u> |
|---|---------------|---------------------|
| Community Facilities Loans and Grants Cluster | | |
| Community Facilities Loans and Grants | 10.766 | \$ 39,440 |
| Economic Development Cluster | | |
| Economic Adjustment Assistance | 11.307 | \$ 15,452 |
| Aging Cluster | | |
| Special Programs for the Aging, Title III, Part B | 93.044 | \$ 200,526 |
| Special Programs for the Aging, Title III, Part C | 93.045 | 333,534 |
| Nutrition Services Incentive Program | 93.053 | <u>34,224</u> |
| Total Aging Cluster | | <u>\$ 568,284</u> |

Federal awards to sub-recipients are as follows:

| <u>Program Title</u> | <u>CFDA #</u> | <u>Amount Provided to Sub-recipients</u> |
|--|---------------|--|
| Special Programs for the Aging, Title III, Part B – Grants for Supportive Services and Senior Centers | 93.044 | \$ 83,163 |
| Special Programs for the Aging, Title III, Part C - Nutrition Services | 93.045 | 333,534 |
| Nutrition Services Incentive Program | 93.053 | <u>34,224</u> |
| Total federal awards provided to sub-recipients | | <u>\$ 450,921</u> |

Region 10 League for Economic Assistance and Planning, Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2019

NOTE A – GENERAL

The accompanying schedule of expenditures of federal awards includes the amount of federal grants expended by Region 10 League for Economic Assistance and Planning, Inc., during the year ended June 30, 2019. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

NOTE B – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting.

NOTE C – INDIRECT COST RATE

The Organization did not elect to use the 10 percent de minimus indirect cost rate.

NOTE D – LOAN GUARANTEE PROGRAM

As of June 30, 2019, the Organization had loans outstanding with the SBA Microloan program of \$699,621.



INDEPENDENT AUDITOR'S 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*

December 23, 2019

To the Board of Directors
Region 10 League for Economic Assistance and Planning, Inc

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Region 10 League for Economic Assistance and Planning, Inc., which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Region 10 League for Economic Assistance and Planning, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Region 10 League for Economic Assistance and Planning, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Region 10 League for Economic Assistance and Planning, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Board of Directors
December 23, 2019
Page 2

Purpose of this Report

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

Chadwick, Steinkirchner, Davis & Co., P.C.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

December 23, 2019

To the Board of Directors
Region 10 League for Economic Assistance and Planning, Inc.

Report on Compliance for Each Major Federal Program

We have audited Region 10 League for Economic Assistance and Planning, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Region 10 League for Economic Assistance and Planning, Inc.'s major federal programs for the year ended June 30, 2019. Region 10 League for Economic Assistance and Planning, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Region 10 League for Economic Assistance and Planning, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Region 10 League for Economic Assistance and Planning, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Region 10 League for Economic Assistance and Planning, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Region 10 League for Economic Assistance and Planning Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.



Board of Directors
December 23, 2019
Page 2

Report on Internal Control Over Compliance

Management of Region 10 League for Economic Assistance and Planning, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Region 10 League for Economic Assistance and Planning Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Region 10 League for Economic Assistance and Planning, Inc.'s internal control over compliance.

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

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chadwick, Steinkirchner, Davis & Co., P.C.

Region 10 League for Economic Assistance and Planning, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified
not considered to be material weaknesses? _____ yes ✓ none reported

Noncompliance material to financial statements
noted? _____ yes ✓ no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified
not considered to be material weaknesses? _____ yes ✓ none reported

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

Unmodified Opinion

Any audit findings disclosed that are required
to be reported in accordance with
the Uniform Guidance? _____ yes ✓ no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

59.046 _____

Microloan Program

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? _____ yes ✓ no

Region 10 League for Economic Assistance and Planning, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

SECTION II – FINDINGS UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

There are no finding required to be reported under Generally Accepted Government Auditing Standards.

SECTION III – FINDINGS AND QUESTIONED COSTS UNDER THE UNIFORM GUIDANCE

There were no findings or questioned costs noted under the Uniform Guidance.

Region 10 League for Economic Assistance and Planning, Inc.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2019

Reference Number: 2018-01

Type of Finding: Material weakness

Description: Insufficient internal controls over preparation of the schedule of expenditures of federal awards

Resolution: Resolved