



El Paso
Community
Action Program
Project BRAVO,
Inc.

Financial Statements
For the Years Ended December 31, 2016 and 2015



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El Paso Community Action Program, Project BRAVO, Inc.
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December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
El Paso Community Action Program, Project BRAVO, Inc.
El Paso, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of El Paso Community Action Program, Project BRAVO, Inc. (Project BRAVO, a nonprofit organization), which comprise the statements of financial position as of December 31, 2016, and 2015, and the related statements of activities, cash flows, and functional expenses for the years 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.

Auditors' 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 auditors' 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 Project BRAVO as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

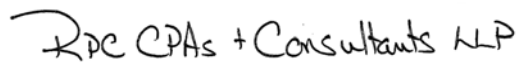
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2017, on our consideration of Project BRAVO'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 Project BRAVO's internal control over financial reporting and compliance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of statements of Revenue and Expenditures on pages 22-31 is presented for purposes of additional analysis 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "RPC CPAs + Consultants LLP". The signature is written in a cursive, flowing style.

RPC CPAs + Consultants, LLP
El Paso, Texas
July 17, 2017

El Paso Community Action Program, Project BRAVO, Inc.
Statements of Financial Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 383,137	\$ 429,833
Accounts and grants receivable	748,036	161,862
Prepaid expenses	18,684	20,216
Total current assets	<u>1,149,857</u>	<u>611,911</u>
Noncurrent assets		
Property and equipment, net	<u>1,410,988</u>	<u>1,488,969</u>
Total noncurrent assets	<u>1,410,988</u>	<u>1,488,969</u>
<i>Total assets</i>	<u><u>\$ 2,560,845</u></u>	<u><u>\$ 2,100,880</u></u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 499,224	\$ 81,977
Accrued expenses and other liabilities	280,557	198,347
Current portion of notes payable	37,187	37,545
Current portion of forgivable loans	67,062	67,060
Deferred revenue	69,984	38,490
Total current liabilities	<u>954,014</u>	<u>423,419</u>
Long-term liabilities		
Notes payable, net of current portion	186,788	223,975
Forgivable loans, net of current portion	280,535	347,598
Total long-term liabilities	<u>467,323</u>	<u>571,573</u>
Total liabilities	<u>1,421,337</u>	<u>994,992</u>
Net assets		
Unrestricted net assets	<u>1,139,508</u>	<u>1,105,888</u>
Total net assets	<u>1,139,508</u>	<u>1,105,888</u>
<i>Total liabilities and net assets</i>	<u><u>\$ 2,560,845</u></u>	<u><u>\$ 2,100,880</u></u>

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

El Paso Community Action Program, Project BRAVO, Inc.
Statements of Activities
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted net assets		
Public support, grants and other revenues		
Federal funds	\$ 7,302,306	\$ 7,429,847
Interest income	38	38
Rental income	199,669	193,974
Other grants, contributions and support	173,678	112,938
Net assets released from restriction	-	19,192
Total public support	<u>7,675,691</u>	<u>7,755,989</u>
Functional expenses		
Client assistance program	6,861,757	6,968,968
Management and general	780,314	742,494
Total functional expenses	<u>7,642,071</u>	<u>7,711,462</u>
Change in unrestricted net assets	33,620	44,527
Temporarily restricted net assets		
Grants released from restriction	-	(19,192)
Change in temporarily restricted net assets	<u>-</u>	<u>(19,192)</u>
Change in net assets	33,620	25,335
Net assets, beginning of the year	<u>1,105,888</u>	<u>1,080,553</u>
<i>Net assets, end of the year</i>	<u><u>\$ 1,139,508</u></u>	<u><u>\$ 1,105,888</u></u>

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

El Paso Community Action Program, Project BRAVO, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 33,620	\$ 25,335
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	86,436	100,552
Forgiveness of debt on forgivable loans	(67,061)	(70,772)
Donated capital assets	-	(11,858)
Decrease (increase) in operating assets:		
Grants receivable	(586,174)	(4,071)
Prepaid expenses	1,532	(3,044)
Accounts payable	417,247	(162,451)
Accrued expenses and other liabilities	82,210	151,431
Deferred revenue	31,494	12,810
Net cash (used in) provided by operating activities	<u>(696)</u>	<u>37,932</u>
Cash flows from investing activities		
Purchase of fixed assets	<u>(8,455)</u>	<u>(6,418)</u>
Net cash used in investing activities	<u>(8,455)</u>	<u>(6,418)</u>
Cash flow from financing activities		
Principal payments on notes payable	<u>(37,545)</u>	<u>(40,416)</u>
Net cash used in financing activities	<u>(37,545)</u>	<u>(40,416)</u>
Net change in cash and cash equivalents	(46,696)	(8,902)
Cash and cash equivalents, beginning of the year	<u>429,833</u>	<u>438,735</u>
Cash and cash equivalents, end of the year	<u><u>\$ 383,137</u></u>	<u><u>\$ 429,833</u></u>

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

El Paso Community Action Program, Project BRAVO, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Client Assistance Program	Management and General	Total
Payroll and related expenses			
Personnel	\$ 934,859	\$ 359,382	\$ 1,294,241
Fringe benefits	277,105	104,695	381,800
Travel	16,040	16,820	32,860
Total payroll and related expenses	<u>1,228,004</u>	<u>480,897</u>	<u>1,708,901</u>
Other expenses			
Equipment	39,008	22,717	61,725
Supplies	27,803	9,400	37,203
Contractual	48,367	25,804	74,171
Direct services	5,263,926	-	5,263,926
Other	254,649	155,060	409,709
Depreciation	-	86,436	86,436
Total other expenses	<u>5,633,753</u>	<u>299,417</u>	<u>5,933,170</u>
<i>Total functional expenses</i>	<u><u>\$ 6,861,757</u></u>	<u><u>\$ 780,314</u></u>	<u><u>\$ 7,642,071</u></u>

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

El Paso Community Action Program, Project BRAVO, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	Client Assistance Program	Management and General	Total
Payroll and related expenses			
Personnel	\$ 895,467	\$ 321,978	\$ 1,217,445
Fringe benefits	261,850	92,091	353,941
Travel	20,455	13,011	33,466
Total payroll and related expenses	<u>1,177,772</u>	<u>427,080</u>	<u>1,604,852</u>
Other expenses			
Equipment	25,055	16,613	41,668
Supplies	27,816	15,041	42,857
Contractual	2,077	19,161	21,238
Direct services	5,515,361	-	5,515,361
Other	220,887	164,047	384,934
Depreciation	-	100,552	100,552
Total other expenses	<u>5,791,196</u>	<u>315,414</u>	<u>6,106,610</u>
<i>Total functional expenses</i>	<u><u>\$ 6,968,968</u></u>	<u><u>\$ 742,494</u></u>	<u><u>\$ 7,711,462</u></u>

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

El Paso Community Action Program, Project BRAVO, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 1. Nature of Operations

The El Paso Community Action Program Project BRAVO, Inc. (Project BRAVO, the Organization) was organized in August of 1965 to implement and carry out the provisions and spirit of The Economic Opportunity Act of 1964. Project BRAVO is a nonprofit organization that is primarily funded by the federal government through the Texas Department of Housing and Community Affairs.

Project BRAVO is responsible for the administration of various community service grants throughout El Paso County. Project BRAVO is governed by a board of directors consisting of 15 members, five appointed by various local governmental units, five appointed by designated private interest groups, and five elected area representatives.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements are presented on the accrual basis of accounting. The financial statement presentation also follows the recommendations of the Financial Accounting Standards Board, net assets, revenues, expenses and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Financial Statement Presentation: Under GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent revenues and expenses related to the operations and management of the Organization's primary programs and supporting services.

Temporarily restricted net assets represent donations and grants received by the Organization in which the donor has placed a time restriction or purpose restriction. When the terms of the restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction. There were no temporarily restricted net assets at December 31, 2016 or 2015.

Permanently restricted net assets represent resources whose use by the Organization is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. There were no permanently restricted net assets at December 31, 2016 or 2015.

Cash and Cash Equivalents: Cash and Cash Equivalents include all cash accounts and highly liquid debt instruments. For purposes of the Statement of Cash Flows, Project BRAVO considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions which affect certain reported amounts and disclosures. Project BRAVO estimates include the useful lives of depreciable assets which determine the amount of depreciation recorded in the Statement of Activities and functional expenses which have been allocated between program services and general administration in the Statement of Functional Expenses. Accordingly, actual results could differ from those estimates.

Revenue Recognition: Revenue from government grant and contract agreements is recognized as it is earned through expenditure or service delivery in accordance with the agreement.

El Paso Community Action Program, Project BRAVO, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 2. Summary of Significant Accounting Policies (Continued)

Gifts of property and equipment are reported as unrestricted support unless donor stipulations specify how the assets are to be used. Gifts of long-lived assets with restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted revenue. Project BRAVO reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Project BRAVO reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations limiting the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Donated services are reflected as contributions at their estimated values at date of receipt. In-kind services which are donated services that Project BRAVO would otherwise have to be purchased if the services weren't donated are recorded as revenue and expense at fair market value. Volunteer services which are not considered necessary for operations to continue are not reflected in the financial statements, as no objective basis is available to measure the value of such services.

Accounts and Grants Receivable: Accounts and grants receivable are stated at net realizable value. In determining whether or not to record an allowance for doubtful accounts, management makes a judgmental determination based on the evaluation of the facts and circumstances related to each account. As of December 31, 2016 and 2015, all accounts and grants receivable are deemed to be collectible, therefore an allowance for doubtful accounts has not been established.

Property and Equipment: Property and Equipment are carried at cost or, if donated, at the estimated market value at the time of donation. Depreciation is computed by using the straight-line basis over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is recognized as revenue or expense for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. All equipment over \$5,000 is capitalized.

Project BRAVO reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Compensated Absences: Employees of the Organization are entitled to annual leave accrual upon hire. Employees may use annual leave after they have completed 6 months of continuous employment. Full-Time employees accrue 8 hours of annual leave for each full calendar month in pay status. The Executive Director and Department Heads accrue 12 hours of annual leave for each full calendar month in pay status. Annual leave may be carried over from one year to the next funded year. The maximum annual leave balance a Full-Time employee may carry over is 40 hours. Top Administrators are allowed to carry over 80 hours of accrued annual leave into the next funded year.

Functional Expenses Allocation: Functional expenses have been allocated between program services in the Statement of Functional Expenses. Accordingly, certain costs have been allocated by management among the programs and supporting services benefited.

Analysis for Impairment: Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there are no impairments of such assets at December 31, 2016 and 2015.

El Paso Community Action Program, Project BRAVO, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 2. Summary of Significant Accounting Policies (Continued)

Income Taxes: The Organization is a not-for-profit organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. As of December 31, 2016 and 2015, the Organization did not receive any unrelated business income. Accordingly, no liability or provision for federal income taxes is included in the accompanying financial statements.

The Accounting Standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, an organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of an organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlements. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year ended December 31, 2016. Management believes there are no uncertain tax positions at December 31, 2016 and 2015.

In general, federal income tax returns are subject to a three year statute of limitation from the filing date. The Organization files its IRS form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2013.

Advertising Expense: Advertising costs are expensed in the year in which they are incurred and are included in the statements of functional expenses. Project BRAVO incurred \$32 and \$597 of advertising expenses for the years ended December 31, 2016 and 2015, respectively.

Subsequent Pronouncements: The Financial Accounting Standards Board (FASB), issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this update were issued to provide a more robust framework for addressing revenue issues, improve the comparability of revenue recognition across entities and industries, and to simplify the revenue recognition requirements. Topic 606 modifies contract revenue recognition to focus on the allocating the transaction price to the performance obligations in the contract and recognize revenue when the obligation is satisfied. The amendments in this update are effective for fiscal years beginning after December 15, 2018. Early application is permitted, however, the Organization has not yet adopted.

In February 2016, the Financial Accounting Standards Board (FASB), issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The amendments in this update were issued to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities for those leases classified as operating leases under previous GAAP. The amendments in this update are effective for fiscal years beginning after December 15, 2019. Early application is permitted, however, the Organization has not yet adopted.

In August 2016, FASB issued ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. This standard was issued to improve the current net asset classification requirements and the information presented in the Not-for-Profit's financial statements and notes. This new ASU requires two classes of net assets rather than the current three. It is effective for years beginning after December 15, 2018. The Organization has not elected to early implement this standard.

El Paso Community Action Program, Project BRAVO, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 2. Summary of Significant Accounting Policies (Continued)

Subsequent Events: Project BRAVO has evaluated events subsequent to December 31, 2016 that would possibly require adjustment or disclosure in these financial statements, through July 17, 2017, the date that these statements were available to be issued.

Note 3. Accounts and Grants Receivable

Grants receivable arise from amounts due to Project BRAVO by granting agencies for allowable expenditures not reimbursed at year-end. Accounts receivable and grants receivable consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
CEAP	\$ 613,102	\$ 62,758
LIHEAP	87,800	17,647
CSBG	-	62,820
Other	<u>47,134</u>	<u>18,637</u>
Total	<u><u>\$ 748,036</u></u>	<u><u>\$ 161,862</u></u>

Note 4. Property and Equipment

Property and equipment is stated at cost or fair market value if donated and consisted of the following at December 31:

	<u>Estimated Useful Life (Years)</u>	<u>2016</u>	<u>2015</u>
Land	-	\$ 394,305	\$ 394,305
Office building	27.5	2,252,987	2,252,987
Furniture and equipment	3	59,417	57,258
Vehicles	5	<u>254,925</u>	<u>254,925</u>
Total property and equipment		2,961,634	2,959,475
Less accumulated depreciation		<u>(1,550,646)</u>	<u>(1,470,506)</u>
Property and equipment, net		<u><u>\$ 1,410,988</u></u>	<u><u>\$ 1,488,969</u></u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$86,436 and \$100,552, respectively. Certain vehicles and equipment were acquired with funds received under grant contracts with the Texas Department of Housing and Community Affairs. Under the terms of the grant agreements, title of the equipment may be transferred, upon termination or non-renewal of the agreements, to a third party named by the granting agency. There were no balances in temporarily restricted net assets at December 31, 2016 and 2015.

El Paso Community Action Program, Project BRAVO, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 5. In-Kind Expenses

In-kind expenses and donations of materials are recorded at the estimated fair market value at the date of expense or donation. Project BRAVO allocates in-kind expenses to the programs and activities for which the services are used. Materials and other noncash donations are recorded at cost or estimated fair value determined at the date of donation. For the years ended December 31, 2016 and 2015, the Organization recorded volunteer hours and other donated goods that totaled \$68,078 and \$11,858, respectively, which is included in other grants, contributions and support in the statement of activities.

Note 6. Operating Lease

Project BRAVO currently leases office facilities month to month, with the exception of two facilities that have extended the lease terms four and five years. Total rent expense for the year ended December 31, 2016 and 2015 was \$111,253 and \$104,703, respectively. Project BRAVO also leases phone systems, printers and postage machines with lease terms of three year. The monthly lease payments are charged to expense as incurred. Lease equipment expense for the years ended December 31, 2016 and 2015 was \$19,530 and \$6,675, respectively.

These agreements provide for future minimum lease payments as follow:

<u>Year Ending December 31</u>	<u>Ysleta Office</u>	<u>Main Office</u>	<u>Equipment</u>
2017	\$ 7,938	\$ 64,800	\$ 13,452
2018	8,083	64,800	7,086
2019	2,706	64,800	4,260
2020	-	64,800	-
2021	-	27,000	-
	<u>\$ 18,727</u>	<u>\$ 286,200</u>	<u>\$ 24,798</u>

Note 7. Commitments and Contingencies

Concentrations of Credit Risk: The Organization maintains its cash accounts at local commercial banks. Accounts for each bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account. As of December 31, 2016, \$116,139 of Project BRAVO's bank balance of \$366,139 was uninsured. As of December 31, 2015, \$328,124 of Project BRAVO's bank balance of \$578,124 was uninsured. Project BRAVO has not experienced any losses with regard to any uninsured balances maintained.

Concentration of Revenue Risk: A significant portion of the Project BRAVO's total unrestricted revenue, gains, and other support is derived from grants from the United States Department of Health and Human Services. For the years ended December 31, 2016 and 2015, support from the United States Department of Health and Human Services was 92% and 93%, respectively.

El Paso Community Action Program, Project BRAVO, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 7. Commitments and Contingencies (continued)

Grantor Audits: Project BRAVO is subject to fiscal and/or program compliance audits by their grantors, which may result in disallowed expenditures. At December 31, 2016, there were no material claims pending for disallowed expenditures that have not been recorded in the financial statements.

Litigation: Project BRAVO is subject to pending and threatened legal actions arising in the normal course of business. Management does not believe there are matters which will have a material, adverse effect on their financial position or results of activities.

Note 8. Line of Credit

Project BRAVO established a revolving line of credit with United Bank to meet short-term working capital borrowing needs. Borrowings under the line of credit for the fiscal years ended December 31, 2016 and 2015 were limited to a maximum of \$500,000. Interest on outstanding funds is payable monthly at the bank's prime rate and has a floor rate of 4.75%. The maturity date is October 17, 2018. The credit line is secured by accounts and grants receivable owned by Project BRAVO. There was no balance outstanding or related interest expense on this line of credit for either of the years ended December 31, 2016 and 2015.

El Paso Community Action Program, Project BRAVO, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 9. Notes Payable and Forgivable Loans

Project BRAVO had the following notes payable as of December 31, 2016 and 2015:

	<u>2016</u>		<u>2015</u>	
	<u>Notes Payable</u>	<u>Forgivable Loans</u>	<u>Notes Payable</u>	<u>Forgivable Loans</u>
Note payable to the City of El Paso that was subsequently sold to a mortgage provider in the original amount of \$86,000, payable in monthly installments of \$358, non-interest bearing and matures February 1, 2018. In connection with this note, a forgivable grant note in the original amount of \$344,000 is forgiven in the amount of \$1,433 per month as long as Project BRAVO complies with the requirements designated in the deeds of trust. The forgivable grant note matures on February 1, 2018. Both notes are secured by property.	\$ 3,942	\$ 17,201	\$ 8,242	\$ 34,401
Notes payable to the City of El Paso that was subsequently sold to a mortgage provider in the original amount of \$228,420, payable in monthly installments of \$951, non-interest bearing and matures September 1, 2019. In connection with this note, a forgivable grant note in the original amount of \$342,360 is forgiven in the amount of \$1,427 per month as long as Project BRAVO complies with the requirements designated in the deeds of trust. The forgivable grant note matures on September 1, 2019. Both notes are secured by property.	30,438	45,648	41,850	62,766

El Paso Community Action Program, Project BRAVO, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 9. Notes Payable and Forgivable Loans (Continued)

	<u>2016</u>		<u>2015</u>	
	<u>Notes Payable</u>	<u>Forgivable Loans</u>	<u>Notes Payable</u>	<u>Forgivable Loans</u>
<p>Note payable to the City of El Paso that was subsequently sold to a mortgage provider in the original amount of \$92,688, payable in monthly installments of \$387, non-interest bearing and matures August 1, 2024. In connection with this note, a forgivable grant note in the original amount of \$139,033 is forgiven in the amount of \$580 per month as long as Project BRAVO complies with the requirements designated in the deeds of trust. The forgivable grant note matures on August 1, 2024. Both notes are secured by property.</p>	35,485	52,717	40,124	59,669
<p>Note payable to the City of El Paso that was subsequently sold to a mortgage provider in the original amount of \$230,161, payable in monthly installments of \$959, non-interest bearing and matures October 1, 2025. In connection with this note, a forgivable grant note in the original amount of \$345,242 is forgiven in the amount of \$1,439 per month as long as Project BRAVO complies with the requirements designated in the deeds of trust. The forgivable grant note matures on October 1, 2025. Both notes are secured by property.</p>	98,211	148,166	109,719	165,428

El Paso Community Action Program, Project BRAVO, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 9. Notes Payable and Forgivable Loans (Continued)

	<u>2016</u>		<u>2015</u>	
	<u>Notes Payable</u>	<u>Forgivable Loans</u>	<u>Notes Payable</u>	<u>Forgivable Loans</u>
Note payable to the City of El Paso that was subsequently sold to a mortgage provider in the original amount of \$113,716, payable in monthly installments of \$474, non-interest bearing and matures August 1, 2026. In connection with this note, a forgivable grant note in the original amount of \$170,574 is forgiven in the amount of \$711 per month as long as Project BRAVO complies with the requirements designated in the deeds of trust. The forgivable grant note matures on August 1, 2026. Both notes are secured by property.	<u>55,899</u>	<u>83,865</u>	<u>61,585</u>	<u>92,394</u>
Total long-term debt	223,975	347,597	261,520	414,658
Current maturities of long-term debt	<u>(37,187)</u>	<u>(67,062)</u>	<u>(37,545)</u>	<u>(67,060)</u>
Long-term debt, less current maturities	<u>\$ 186,788</u>	<u>\$ 280,535</u>	<u>\$ 223,975</u>	<u>\$ 347,598</u>

Maturities of notes payable for year ending December 31, 2016 are as follows:

	<u>Notes Payable</u>	<u>Forgivable Loans</u>
2017	\$ 37,187	\$ 67,062
2018	33,245	49,860
2019	29,447	44,154
2020	21,833	32,742
2021	21,833	32,742
Thereafter	<u>80,430</u>	<u>121,037</u>
Total	<u>\$ 223,975</u>	<u>\$ 347,597</u>

SUPPLEMENTARY INFORMATION

El Paso Community Action Program, Project BRAVO, Inc.
Statement of Revenue and Expenditures
Community Service Block Grant
For the Year Ended December 31, 2016

Federal Financial Assistance

Federal Grantor: U.S. Department of Health and Human Services

Pass-through Grantor: Texas Department of Housing and Community Affairs

CFDA Number : 93.569

Project Number: 61150002181

Contract Period: January 4, 2015 Through May 31, 2016

	BUDGET	PRIOR YEAR	CURRENT YEAR	CUMULATIVE TO DATE
Revenues				
Grant	\$ 1,222,376	\$ 785,488	\$ 436,888	\$ 1,222,376
Total revenues	1,222,376	785,488	436,888	1,222,376
Expenditures				
Personnel	645,370	427,973	159,267	587,240
Fringe benefits	188,763	134,963	50,715	185,678
Travel	13,000	13,263	3,540	16,803
Equipment	21,602	10,051	2,970	13,021
Supplies	26,196	10,520	4,528	15,048
Contractual	15,514	9,000	2,373	11,373
Other	311,931	179,718	213,495	393,213
Total expenditures	1,222,376	785,488	436,888	1,222,376
Revenues under expenditures	\$ -	\$ -	\$ -	\$ -

El Paso Community Action Program, Project BRAVO, Inc.
Statement of Revenue and Expenditures
Community Service Block Grant
For the Year Ended December 31, 2016

Federal Financial Assistance

Federal Grantor: U.S. Department of Health and Human Services

Pass-through Grantor: Texas Department of Housing and Community Affairs

CFDA Number : 93.569

Project Number: 61160002382

Contract Period: January 1, 2016 Through March 31, 2017

	BUDGET	PRIOR YEAR	CURRENT YEAR	CUMULATIVE TO DATE
Revenues				
Grant	\$ 1,303,317	\$ -	\$ 1,126,758	\$ 1,126,758
Total revenues	1,303,317	-	1,126,758	1,126,758
Expenditures				
Personnel	642,599	-	442,865	442,865
Fringe benefits	257,226	-	130,322	130,322
Travel	18,625	-	12,084	12,084
Equipment	31,770	-	16,883	16,883
Supplies	30,000	-	10,902	10,902
Contractual	14,450	-	10,789	10,789
Other	308,647	-	502,913	502,913
Total expenditures	1,303,317	-	1,126,758	1,126,758
Revenues under expenditures	\$ -	\$ -	\$ -	\$ -

El Paso Community Action Program, Project BRAVO, Inc.
Statement of Revenue and Expenditures
Community Service Block Grant
For the Year Ended December 31, 2016

Federal Financial Assistance

Federal Grantor: U.S. Department of Health and Human Services

Pass-through Grantor: Texas Department of Housing and Community Affairs

CFDA Number : 93.569

Project Number: 61150002441

Contract Period: February 1, 2016 Through September 30, 2016

	BUDGET	PRIOR YEAR	CURRENT YEAR	CUMULATIVE TO DATE
Revenues				
Grant	\$ 12,000	\$ -	\$ 12,000	\$ 12,000
Total revenues	12,000	-	12,000	12,000
Expenditures				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Travel	-	-	-	-
Equipment	12,000	-	12,000	12,000
Supplies	-	-	-	-
Contractual	-	-	-	-
Other	-	-	-	-
Total expenditures	12,000	-	12,000	12,000
Revenues under expenditures	\$ -	\$ -	\$ -	\$ -

El Paso Community Action Program, Project BRAVO, Inc.
Statement of Revenue and Expenditures
Community Service Block Grant
For the Year Ended December 31, 2016

Federal Financial Assistance

Federal Grantor: U.S. Department of Health and Human Services

Pass-through Grantor: Texas Department of Housing and Community Affairs

CFDA Number : 93.569

Project Number: 61160002513

Contract Period: September 30, 2016 Through February 28, 2017

	BUDGET	PRIOR YEAR	CURRENT YEAR	CUMULATIVE TO DATE
Revenues				
Grant	\$ 12,000	\$ -	\$ -	\$ -
Total revenues	12,000	-	-	-
Expenditures				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Travel	-	-	-	-
Equipment	12,000	-	-	-
Supplies	-	-	-	-
Contractual	-	-	-	-
Other	-	-	-	-
Total expenditures	12,000	-	-	-
Revenues under expenditures	\$ -	\$ -	\$ -	\$ -

El Paso Community Action Program, Project BRAVO, Inc.
Statement of Revenue and Expenditures
Comprehensive Energy Assistance Program
For the Year Ended December 31, 2016

Federal Financial Assistance

Federal Grantor: U.S. Department of Health and Human Services

Pass-through Grantor: Texas Department of Housing and Community Affairs

CFDA Number : 93.568

Project Number: 58150002112

Contract Period: January 1, 2015 Through September 30, 2016

	BUDGET	PRIOR YEAR	CURRENT YEAR	CUMULATIVE TO DATE
Revenues				
Grant	\$ 4,714,621	\$ 4,166,219	\$ 548,402	\$ 4,714,621
Total revenues	<u>4,714,621</u>	<u>4,166,219</u>	<u>548,402</u>	<u>4,714,621</u>
Expenditures				
Administration	294,664	183,723	110,941	294,664
Household crisis	2,032,628	680,294	106,145	786,439
Utility assistance	2,032,628	3,018,075	260,742	3,278,817
Program services	353,501	282,927	70,574	353,501
Dept. req. travel/T&TA	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Total expenditures	<u>4,714,621</u>	<u>4,166,219</u>	<u>548,402</u>	<u>4,714,621</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

El Paso Community Action Program, Project BRAVO, Inc.
Statement of Revenue and Expenditures
Comprehensive Energy Assistance Program
For the Year Ended December 31, 2016

Federal Financial Assistance

Federal Grantor: U.S. Department of Health and Human Services

Pass-through Grantor: Texas Department of Housing and Community Affairs

CFDA Number : 93.568

Project Number: 58160002342

Contract Period: January 1, 2016 Through June 30, 2017

	BUDGET	PRIOR YEAR	CURRENT YEAR	CUMULATIVE TO DATE
Revenues				
Grant	\$ 4,307,382	\$ -	\$ 4,120,104	\$ 4,120,104
Total revenues	4,307,382	-	4,120,104	4,120,104
Expenditures				
Administration	269,211	-	216,072	216,072
Assurance 16	268,350	-	221,121	221,121
Household crisis	1,750,148	-	763,360	763,360
Utility assistance	1,750,147	-	2,710,584	2,710,584
Program services	268,326	-	207,807	207,807
Dept. req. travel/T&TA	1,200	-	1,160	1,160
Total expenditures	4,307,382	-	4,120,104	4,120,104
Revenues under expenditures	\$ -	\$ -	\$ -	\$ -

El Paso Community Action Program, Project BRAVO, Inc.
Statement of Revenue and Expenditures
LIHEAP Weatherization Assistance Program
For the Year Ended December 31, 2016

Federal Financial Assistance

Federal Grantor: U.S. Department of Health and Human Services

Pass-through Grantor: Texas Department of Housing and Community Affairs

CFDA Number : 93.568

Project Number: 81150002146

Contract Period: January 4, 2015 Through July 31, 2016

	BUDGET	PRIOR YEAR	CURRENT YEAR	CUMULATIVE TO DATE
Revenues				
Grant	\$ 828,981	\$ 828,979	\$ 2	\$ 828,981
Total revenues	828,981	828,979	2	828,981
Expenditures				
Administration	51,811	51,811	-	51,811
Materials/labor/support	620,136	620,136	-	620,136
Health & safety	155,034	155,032	2	155,034
Dept. req. travel/T&TA	2,000	2,000	-	2,000
Total expenditures	828,981	828,979	2	828,981
Revenues under expenditures	\$ -	\$ -	\$ -	\$ -

El Paso Community Action Program, Project BRAVO, Inc.
Statement of Revenue and Expenditures
LIHEAP Weatherization Assistance Program
For the Year Ended December 31, 2016

Federal Financial Assistance

Federal Grantor: U.S. Department of Health and Human Services

Pass-through Grantor: Texas Department of Housing and Community Affairs

CFDA Number : 93.568

Project Number: 81160002413

Contract Period: January 1, 2016 Through June 30, 2017

	BUDGET	PRIOR YEAR	CURRENT YEAR	CUMULATIVE TO DATE
Revenues				
Grant	\$ 846,175	\$ -	\$ 781,730	\$ 781,730
Total revenues	846,175	-	781,730	781,730
Expenditures				
Administration	42,901	-	39,139	39,139
Materials/labor/support	643,020	-	592,695	592,695
Health & safety	158,254	-	148,534	148,534
Dept. req. travel/T&TA	2,000	-	1,362	1,362
Total expenditures	846,175	-	781,730	781,730
Revenues under expenditures	\$ -	\$ -	\$ -	\$ -

El Paso Community Action Program, Project BRAVO, Inc.
Statement of Revenue and Expenditures
DOE Weatherization Assistance Program
For the Year Ended December 31, 2016

Federal Financial Assistance

Federal Grantor: U.S. Department of Energy

Pass-through Grantor: Texas Department of Housing and Community Affairs

CFDA Number : 81.042

Project Number: 56150002269

Contract Period: July 21, 2015 Through June 30, 2016

	BUDGET	PRIOR YEAR	CURRENT YEAR	CUMULATIVE TO DATE
Revenues				
Grant	\$ 293,298	\$ 95,887	\$ 197,410	\$ 293,297
Total revenues	293,298	95,887	197,410	293,297
Expenditures				
Administration	16,826	2,675	14,151	16,826
Insurance	2,116	330	1,786	2,116
Fiscal Audit	229	-	229	229
Materials/labor/support	217,696	75,302	142,394	217,696
Health & safety	49,496	14,530	34,966	49,496
Dept. req. travel/T&TA	6,935	3,050	3,884	6,934
Total expenditures	293,298	95,887	197,410	293,297
Revenues under expenditures	\$ -	\$ -	\$ -	\$ -

El Paso Community Action Program, Project BRAVO, Inc.
Statement of Revenue and Expenditures
DOE Weatherization Assistance Program
For the Year Ended December 31, 2016

Federal Financial Assistance

Federal Grantor: U.S. Department of Energy

Pass-through Grantor: Texas Department of Housing and Community Affairs

CFDA Number : 81.042

Project Number: 56160002487

Contract Period: July 1, 2016 Through June 30, 2017

	BUDGET	PRIOR YEAR	CURRENT YEAR	CUMULATIVE TO DATE
Revenues				
Grant	\$ 220,676	\$ -	\$ 78,689	\$ 78,689
Total revenues	220,676	-	78,689	78,689
Expenditures				
Administration	22,068	-	4,588	4,588
Insurance	5,623	-	673	673
Fiscal Audit	800	-	102	102
Materials/labor/support	135,328	-	61,803	61,803
Health & safety	33,832	-	9,196	9,196
Dept. req. travel/T&TA	23,025	-	2,327	2,327
Total expenditures	220,676	-	78,689	78,689
Revenues under expenditures	\$ -	\$ -	\$ -	\$ -

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COMPLIANCE SECTION

**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***

Board of Directors
El Paso Community Action Program, Project BRAVO, Inc.
El Paso, Texas

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 El Paso Community Action Program, Project BRAVO, Inc. (Project BRAVO, a nonprofit organization), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Project BRAVO's basic financial statements, and have issued our report thereon dated July 17, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Project BRAVO'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 Project BRAVO's internal control. Accordingly, we do not express an opinion on the effectiveness of Project BRAVO'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 entity'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.

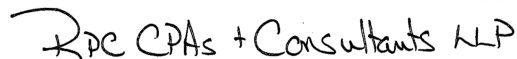
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Project BRAVO's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Project BRAVO's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Project BRAVO's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RPC CPAs + Consultants, LLP
El Paso, Texas
July 17, 2017

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FEDERAL FINANCIAL ASSISTANCE

Independent Auditors' Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
El Paso Community Action Program, Project BRAVO, Inc.
El Paso, Texas

Report on Compliance for the Major Federal Program

We have audited El Paso Community Action Program, Project BRAVO, Inc.'s (Project BRAVO, a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Project BRAVO's major federal program for the year ended December 31, 2016. Project BRAVO's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Project BRAVO's major federal program 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about Project BRAVO'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 Project BRAVO's compliance.

Opinion on the Major Federal Program

In our opinion, Project BRAVO complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

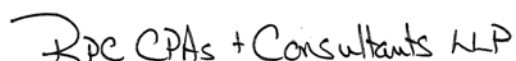
Report on Internal Control over Compliance

Management of Project BRAVO 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 Project BRAVO's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Project BRAVO'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.



RPC CPAs + Consultants, LLP
El Paso, Texas
July 17, 2017

El Paso Community Action Program, Project BRAVO, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA Number	Federal Expenditures	Funds Provided to subrecipients	Noncash Assistance
U.S. Department of Housing & Urban Development					
Housing Counseling Assistance Program		14.169	\$ 323	\$ -	\$ -
Total U.S. Department of Housing & Urban Development			323	-	-
U.S. Department of Energy					
<i>Passed through Texas Department of Housing & Community Affairs</i>					
Weatherization Assistance for Low-Income Persons	56160002487	81.042	78,689	-	-
Weatherization Assistance for Low-Income Persons	56150002269	81.042	197,410	-	-
Total U.S. Department of Energy			276,099	-	-
U.S. Department of Health & Human Services					
<i>Passed through Texas Department of Housing & Community Affairs</i>					
Low-Income Home Energy Assistance	58160002342	93.568 (1)	4,120,104	-	-
Low-Income Home Energy Assistance	58150002112	93.568 (1)	548,402	-	-
Low-Income Home Energy Assistance	81160002413	93.568 (1)	781,730	-	-
Low-Income Home Energy Assistance	81150002146	93.568 (1)	2	-	-
Community Service Block Grant	61160002382	93.569 *	1,126,758	-	-
Community Service Block Grant	61150002181	93.569 *	436,888	-	-
Community Service Block Grant	61150002441	93.569 *	12,000	-	-
Total U.S. Department of Health & Human Services			7,025,884	-	-
Total Federal Financial Assistance			\$ 7,302,306	\$ -	\$ -

* Denotes Major Federal Financial Assistance Program

() Denotes Cluster

See independent auditors' report.

See accompanying notes to the schedule of expenditures of federal awards.

El Paso Community Action Program, Project BRAVO, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of El Paso Community Action Program, Project BRAVO, Inc. (the Organization) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

2. 10% de Minimus Indirect Cost Rate

The Organization did not elect to use the 10% indirect cost rate.

3. Loans

The Organization did not expend federal awards related to loans or loan guarantees during the year.

4. Federally Funded Insurance

The Organization has no federally funded insurance.

5. Cost Allocation

The Organization allocates costs via a cost allocation plan.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$	7,302,306
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Total expenditures funded by other sources		<u>339,765</u>
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<i>Total expenditures</i>	\$	<u><u>7,642,071</u></u>
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**El Paso Community Action Program, Project BRAVO, Inc.
Schedule of Findings and Questioned Costs
December 31, 2016**

A. Summary of Auditors' Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 2. Type of auditors' report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | None noted |
| 4. Identification of major programs: | |

CFDA Number

93.569

Federal Program

Community Service Block Grant

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

El Paso Community Action Program, Project BRAVO, Inc.
Schedule of Findings and Questioned Costs
December 31, 2016

B. FINANCIAL STATEMENT AUDIT FINDINGS

None noted

C. FEDERAL AWARDS AUDIT FINDINGS

None noted

D. PRIOR YEAR FINANCIAL STATEMENT AUDIT FINDINGS

None noted

E. PRIOR YEAR FEDERAL AWARDS AUDIT FINDINGS

None noted