

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Consolidated Financial Statements and
Supplementary Information
February 29, 2020 and February 28, 2019
(With Independent Auditors' Report Thereon)

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Delaware Opportunities, Inc.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Delaware Opportunities, Inc. and Affiliates (collectively, the Organization) (a nonprofit organization), which comprise the consolidated statements of financial position as of February 29, 2020 and February 28, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Delaware Opportunities, Inc. and Affiliates as of February 29, 2020 and February 28, 2019, and the changes in their net assets and their 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information included in Schedules 1 through 3 is presented for analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards (Schedule 4), 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 (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have issued our report dated November 19, 2020, on our consideration of the Organization'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
November 19, 2020

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Consolidated Statements of Financial Position
February 29, 2020 and February 28, 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash	\$ 2,074,196	1,805,986
Receivables	1,218,584	1,482,773
Prepaid expenses	140,355	148,915
Inventories, at cost	41,943	35,379
Total current assets	<u>3,475,078</u>	<u>3,473,053</u>
Investments, at fair value	<u>2,544,918</u>	<u>2,509,405</u>
Property and equipment, at cost	5,544,912	5,361,805
Less accumulated depreciation	<u>(3,671,490)</u>	<u>(3,487,420)</u>
Net property and equipment	<u>1,873,422</u>	<u>1,874,385</u>
Total assets	<u>\$ 7,893,418</u>	<u>7,856,843</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	177,737	212,305
Accrued payroll and payroll taxes	403,331	342,484
Accrued expenses	448,031	501,173
Deferred revenue	297,423	230,853
Total current liabilities	<u>1,326,522</u>	<u>1,286,815</u>
Net assets:		
Without donor restrictions	5,886,090	5,982,551
With donor restrictions	680,806	587,477
Total net assets	<u>6,566,896</u>	<u>6,570,028</u>
Contingency (note 11)	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 7,893,418</u>	<u>7,856,843</u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Consolidated Statements of Activities
Years ended February 29, 2020 and February 28, 2019

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Support and revenue:				
Fees and grants from governmental agencies	\$ 11,487,261	72,039	11,559,300	11,716,404
WIC food instruments and commodities	569,911	-	569,911	560,637
In-kind support	305,548	-	305,548	114,720
Program revenue	159,940	-	159,940	159,849
Equipment rentals	-	-	-	2,125
Contributions	2,917	26,691	29,608	44,380
Interest	76,928	-	76,928	31,068
Miscellaneous	372,553	56,261	428,814	362,527
Net assets released from restrictions through satisfaction of program restrictions	<u>61,662</u>	<u>(61,662)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>13,036,720</u>	<u>93,329</u>	<u>13,130,049</u>	<u>12,991,710</u>
Expenses:				
Program services	12,327,307	-	12,327,307	11,888,949
Management and general	<u>862,701</u>	<u>-</u>	<u>862,701</u>	<u>763,823</u>
Total expenses	<u>13,190,008</u>	<u>-</u>	<u>13,190,008</u>	<u>12,652,772</u>
Change in net assets before other income (loss)	<u>(153,288)</u>	<u>93,329</u>	<u>(59,959)</u>	<u>338,938</u>
Other income (loss):				
Gain on disposal of assets	7,000	-	7,000	-
Realized gain (loss) on investments	(4,382)	-	(4,382)	1,559
Unrealized gain on investments	<u>54,209</u>	<u>-</u>	<u>54,209</u>	<u>9,570</u>
Total other income (loss)	<u>56,827</u>	<u>-</u>	<u>56,827</u>	<u>11,129</u>
Change in net assets	(96,461)	93,329	(3,132)	350,067
Net assets at beginning of year	<u>5,982,551</u>	<u>587,477</u>	<u>6,570,028</u>	<u>6,219,961</u>
Net assets at end of year	<u>\$ 5,886,090</u>	<u>680,806</u>	<u>6,566,896</u>	<u>6,570,028</u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Consolidated Statement of Functional Expenses
Year ended February 29, 2020
with comparative totals for 2019

	Program services									Supporting services	Total	
	Early childhood and family development	Crime victims and prevention	Education	Community	Housing	Economic self-sufficiency	Health and nutrition	Other	Total	Management and general	2020	2019
Labor and benefits:												
Personnel	\$ 952,138	347,396	1,180,664	361,818	623,522	196,720	1,370,516	65,015	5,097,789	579,373	5,677,162	5,580,426
Employee benefits and taxes	<u>306,713</u>	<u>101,988</u>	<u>357,368</u>	<u>112,457</u>	<u>217,405</u>	<u>65,037</u>	<u>433,589</u>	<u>-</u>	<u>1,594,557</u>	<u>172,013</u>	<u>1,766,570</u>	<u>1,659,428</u>
Total labor and benefits	<u>1,258,851</u>	<u>449,384</u>	<u>1,538,032</u>	<u>474,275</u>	<u>840,927</u>	<u>261,757</u>	<u>1,804,105</u>	<u>65,015</u>	<u>6,692,346</u>	<u>751,386</u>	<u>7,443,732</u>	<u>7,239,854</u>
Expenses:												
Payments for benefits of individuals	130,819	241	161	154,678	2,006,496	113,933	491,540	1,430	2,899,298	-	2,899,298	2,836,964
Other direct expenses	23,671	4,571	43,623	8,499	24,029	10,028	27,121	-	141,542	14,034	155,576	122,936
Travel	46,697	5,653	128,099	15,104	19,995	38,368	181,707	1,880	437,503	-	437,503	437,675
Supplies	34,541	60,058	160,330	26,672	186,940	7,129	369,741	15,560	860,971	6,164	867,135	889,082
Contractual and consultants	9,036	6,340	26,505	4,966	28,903	3,184	13,711	60,702	153,347	20,723	174,070	118,787
Insurance	17,923	9,387	20,373	10,866	37,351	3,551	29,673	534	129,658	14,489	144,147	129,132
Occupancy	47,577	19,611	173,315	10,907	84,911	7,079	83,385	-	426,785	51,540	478,325	495,301
Donated items, services and facilities	-	42,770	262,778	-	-	-	-	-	305,548	-	305,548	114,720
Other	-	-	490	1,682	36,774	-	4	1,463	40,413	4,365	44,778	8,598
Total expenses	<u>310,264</u>	<u>148,631</u>	<u>815,674</u>	<u>233,374</u>	<u>2,425,399</u>	<u>183,272</u>	<u>1,196,882</u>	<u>81,569</u>	<u>5,395,065</u>	<u>111,315</u>	<u>5,506,380</u>	<u>5,153,195</u>
Depreciation	-	-	-	-	-	-	207,208	32,688	239,896	-	239,896	259,723
Total functional expenses	<u>\$ 1,569,115</u>	<u>598,015</u>	<u>2,353,706</u>	<u>707,649</u>	<u>3,266,326</u>	<u>445,029</u>	<u>3,208,195</u>	<u>179,272</u>	<u>12,327,307</u>	<u>862,701</u>	<u>13,190,008</u>	<u>12,652,772</u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Consolidated Statements of Cash Flows
Years ended February 29, 2020 and February 28, 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,132)	350,067
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	239,896	259,723
Gain on disposal of assets	(7,000)	-
Unrealized gain on investments	(54,209)	(9,570)
Changes in:		
Receivables	264,189	(145,444)
Prepaid expenses	8,560	(75,863)
Inventories, at cost	(6,564)	-
Accounts payable	(56,095)	(75,901)
Accrued payroll and payroll taxes	60,847	(2,425)
Accrued expenses	(53,142)	(109,595)
Deferred revenue	66,570	22,761
Net cash provided by operating activities	<u>459,920</u>	<u>213,753</u>
Cash flows from investing activities:		
Additions to property and equipment	(217,406)	(140,137)
Proceeds from sale of property and equipment	7,000	-
Purchase of investments, net	(381,784)	(1,811,701)
Withdrawal of investments	400,480	50,000
Net cash used in investing activities	<u>(191,710)</u>	<u>(1,901,838)</u>
Net change in cash	268,210	(1,688,085)
Cash at beginning of year	<u>1,805,986</u>	<u>3,494,071</u>
Cash at end of year	<u>\$ 2,074,196</u>	<u>1,805,986</u>
Supplemental schedule of cash flow information:		
Disposal of fully depreciated property and equipment	<u>\$ 55,826</u>	<u>-</u>
Property and equipment financed by accounts payable	<u>\$ 21,527</u>	<u>-</u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Notes to Consolidated Financial Statements
February 29, 2020 and February 28, 2019

(1) Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

(a) Nature of Activities

Delaware Opportunities, Inc.

Delaware Opportunities, Inc. (Delaware) is a nonprofit organization incorporated under the laws of the State of New York in January 1966. The Organization provides comprehensive services to people in need in Delaware County, New York (the County). As a community action agency, it administers programs designed to help people become self sufficient and/or obtain a better quality of life. Services are directed to the entire needy population. These services include advocacy to assure that needy persons receive services they require, program development to assure that services are available, public information to assure that the public is aware of ways in which their needs can be met, coordination and collaboration with other service providers to assure that service delivery is maximized and made as efficient as possible, and the operation of programs which meet the daily needs of the citizenry.

Advance Delaware Opportunities Objectives, Inc.

Advance Delaware Opportunities Objectives, Inc. (ADOO) is a nonprofit corporation that was formed for the purpose of managing and maintaining equipment for the benefit of Delaware.

Housing Company for Delaware County, Inc.

Housing Company for Delaware County, Inc. (HCOD) is a corporation formed to be a general partner of Sidney Housing Recovery, L.P., a low-income housing project. HCOD's sole member is Delaware Opportunities, Inc.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of Delaware, ADOO and HCOD (collectively known as the Organization). All significant intercompany accounts and transactions have been eliminated.

(c) Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Organization's Board of Directors.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions and/or the passage of time and net assets restricted in perpetuity.

(e) Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(f) Cash

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less, including overnight repurchase agreements, to be cash equivalents.

(g) Investments

Investments are presented in the financial statements at fair market value. Realized and unrealized gains and losses are recorded in the statements of activities and changes in net assets. Fair value measurements are discussed in greater detail in note 4.

(h) Accounts Receivable

Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated equipment. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the consolidated statements of activities.

Donations of property are reflected in the accompanying statements at their estimated fair market value at the date of receipt. The Organization's policy is to imply a time restriction on donated property. Donated property is recorded as net assets with donor restrictions and the restriction expires over the useful life of property. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions.

(j) Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the Organization compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. At February 29, 2020 and February 28, 2019, no impairment in value has been recognized by the Organization.

(k) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the consolidated statements of financial position as deferred revenue. Contributions that are received and expended in the same year are recorded net assets without donor restrictions for financial statement purposes.

(l) Donated Materials, Food, Supplies and Personal Services

The Organization receives unrestricted donations from outside parties. The donations include, but are not limited to, equipment, clothing, services, and food. All donations are not restricted and are used to support and further the Organization's objectives. The donations are reflected in the accompanying statements at their estimated fair market value at the date of receipt. In addition, many individuals have contributed significant amounts of time to the activities of the Organization without compensation to satisfy cost sharing requirements of certain grants. The Organization assigns values to such services based on rates commensurate with the type of volunteer hours performed. Contributed services with an assigned value of \$650,512 and \$724,861 for the years ended February 29, 2020 and February 28, 2019, respectively, have been recorded as donated services.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Donated Materials, Food, Supplies and Personal Services, Continued

However, for the purposes of financial presentation, and in accordance with generally accepted accounting principles, only professional services of \$305,548 and \$114,720, respectively, are recognized and presented in the consolidated statements of financial position.

(m) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(n) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated on the basis of level of effort or square footage.

(o) Subsequent Events

The Organization has evaluated subsequent events through the date of the report which is the date the consolidated financial statements were available to be issued.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Organization and its future results and financial position is not presently determinable.

(p) Income Taxes

Delaware and ADOO are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the consolidated financial statements. Delaware and ADOO have been classified as publicly supported organizations that are not private foundations under Section 509(a) of the Code. The Organization discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Organization has taken no uncertain tax positions that require adjustment in the consolidated financial statements. U.S. Forms 990 filed by Delaware and the Affiliates are subject to examination by taxing authorities.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(p) Income Taxes, Continued

HCOD is a corporation subject to income taxes. The corporation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the corporation has taken no uncertain tax positions that require adjustment in its consolidated financial statements.

(2) Liquidity

The Organization has \$3,292,780 of financial assets available within one year of the statement of financial position date consisting of \$2,074,196 cash and \$1,218,584 of gross receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. Additionally, the Organization has available \$2,544,918 in investments at February 29, 2020, however use of the investments for operating purposes is subject to approval by the Board of Directors.

(3) Concentrations of Credit Risk

(a) Cash

Custodial credit risk of deposits is the risk that the Organization's deposits may not be returned in the event of a bank failure. At February 29, 2020, the Organization's bank balance of \$1,840,522 was fully insured and collateralized.

(b) Revenue and Receivables

The Organization provides social services throughout the County. A substantial portion of the Organization's receivables are due from Federal and New York State governmental agencies.

(4) Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Notes to Consolidated Financial Statements, Continued

(4) Fair Value Measurements, Continued

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at February 29, 2020.

- Certificates of deposit, corporate and U.S. Treasury bonds, mutual funds and common stock - Valued at the closing price reported on the active market on which the certificates of deposit, individual bonds, funds and stocks are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of February 29, 2020 and February 28, 2019:

	<u>Assets at Fair Value as of February 29, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 2,018,939	-	-	2,018,939
U.S. Treasury bonds	70,824	-	-	70,824
Corporate bonds	-	204,409	-	204,409
Mutual funds	124,308	-	-	124,308
Common stock	<u>126,438</u>	<u>-</u>	<u>-</u>	<u>126,438</u>
Total assets at fair value	\$ <u>2,340,509</u>	<u>204,409</u>	<u>-</u>	<u>2,544,918</u>

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Notes to Consolidated Financial Statements, Continued

(4) Fair Value Measurements, Continued

	<u>Assets at Fair Value as of February 28, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 1,922,086	-	-	1,922,086
U.S. Treasury bonds	139,501	-	-	139,501
Corporate bonds	-	192,846	-	192,846
Mutual funds	132,824	-	-	132,824
Common stock	<u>122,148</u>	<u>-</u>	<u>-</u>	<u>122,148</u>
Total assets at fair value	<u>\$ 2,316,559</u>	<u>192,846</u>	<u>-</u>	<u>2,509,405</u>

(5) Certificates of Deposit

Certificates of deposit at February 29, 2020 and February 28, 2019 are considered to be level 1 assets as described in note 4 consist of the following:

	<u>2020</u>	<u>2019</u>
2.25% due April 30, 2027	\$ 25,130	-
2.60% due October 18, 2024	-	24,299
2.10% due October 16, 2024	100,388	-
2.45% due October 15, 2024	25,904	24,105
3.50% due November 7, 2023	213,827	203,817
2.00% due October 18, 2023	100,064	-
2.45% due October 13, 2023	25,777	24,352
3.40% due October 3, 2023	53,200	50,739
1.80% due November 29, 2022	100,760	-
3.35% due November 9, 2022	104,850	100,772
3.35% due November 7, 2022	104,842	101,383
3.15% due September 14, 2022	52,058	50,139
2.40% due September 13, 2022	20,447	19,646
2.30% due July 28, 2022	20,386	19,537
3.00% due April 21, 2022	51,619	50,192
3.20% due November 8, 2021	102,917	101,017
3.15% due November 8, 2021	102,834	100,889
3.10% due October 5, 2021	25,652	25,194
2.10% due September 20, 2021	20,174	19,592
3.00% due September 14, 2021	51,181	50,267
1.80% due September 7, 2021	20,105	-
2.05% due July 26, 2021	20,167	19,670
2.80% due March 15, 2021	50,697	50,092

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Notes to Consolidated Financial Statements, Continued

(5) Certificates of Deposit, Continued

	<u>2020</u>	<u>2019</u>
3.05% due November 9, 2020	\$ 101,099	100,671
3.00% due November 9, 2020	101,064	120,372
3.00% due November 9, 2020	25,266	25,146
2.00% due November 9, 2020	20,075	-
2.02% due October 16, 2020	258,043	250,000
2.75% due September 21, 2020	50,352	50,098
1.80% due September 10, 2020	20,032	-
2.55% due March 20, 2020	50,029	50,012
2.10% due December 23, 2019	-	19,945
2.65% due November 7, 2019	-	100,162
2.40% due September 17, 2019	-	50,003
1.70% due July 19, 2019	-	19,954
2.40% due July 9, 2019	-	100,021
	<u>\$ 2,018,939</u>	<u>1,922,086</u>

(6) Property and Equipment

Property and equipment at February 29, 2020 and February 28, 2019 are summarized as follows:

	<u>2020</u>		
	Delaware Opportunities, <u>Inc.</u>	<u>ADOO</u>	<u>Total</u>
Land	\$ 138,089	-	138,089
Building and improvements	2,738,306	-	2,738,306
Equipment	531,988	136,047	668,035
Vehicles	<u>1,585,449</u>	<u>415,033</u>	<u>2,000,482</u>
	4,993,832	551,080	5,544,912
Less accumulated depreciation	<u>(3,192,075)</u>	<u>(479,415)</u>	<u>(3,671,490)</u>
	<u>\$ 1,801,757</u>	<u>71,665</u>	<u>1,873,422</u>

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Notes to Consolidated Financial Statements, Continued

(6) Property and Equipment, Continued

	2019		
	Delaware Opportunities, <u>Inc.</u>	<u>ADOO</u>	<u>Total</u>
Land	\$ 138,089	-	138,089
Building and improvements	2,732,025	-	2,732,025
Equipment	498,312	99,495	597,807
Vehicles	<u>1,478,851</u>	<u>415,033</u>	<u>1,893,884</u>
	4,847,277	514,528	5,361,805
Less accumulated depreciation	<u>(3,032,262)</u>	<u>(455,158)</u>	<u>(3,487,420)</u>
	<u>\$ 1,815,015</u>	<u>59,370</u>	<u>1,874,385</u>

(7) Compensated Absences

Included in accrued expenses is the Organization's liability for future payments of accrued vested vacation wages which amounted to \$269,697 and \$260,059 at February 29, 2020 and February 28, 2019, respectively. Under the terms of the existing personnel manual, the Organization's employees receive annual vacation leave. The number of days allowed is dependent upon the employees' years of service. Vacation leave represents the only leave paid to employees upon termination.

(8) Deferred Revenue

Deferred revenue amounted to \$297,423 and \$230,853 at February 29, 2020 and February 28, 2019, respectively. This amount represents cash provided to the Organization in advance of the period to be benefited in order to provide working capital for the operation of various programs.

(9) Pension Plan

The Organization maintains a qualified contributory defined contribution retirement plan established under Section 403(b) of the Code for all employees meeting minimum age and length of service requirements. The Organization is not obligated to match the eligible participants' contribution to the plan. The Organization recorded expense relating to the plan amounting to \$324,080 and \$323,089 for the years ended February 29, 2020 and February 28, 2019, respectively.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Notes to Consolidated Financial Statements, Continued

(10) Net Assets With Donor Restrictions

Net assets with donor restrictions amounting to \$680,806 and \$587,477 at February 29, 2020 and February 28, 2019, respectively, are restricted for use in various programs as specified by the respective donors. Net assets of \$61,662 were released from donor restrictions during the year ended February 29, 2020 through the satisfaction of donor stipulations.

(11) Contingency

Under the terms of various grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such questioned costs could lead to reimbursement to the grantor agencies. Management believes that it would be able to provide support acceptable to the grantor and that any disallowances would not be material.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Consolidating Statement of Financial Position
February 29, 2020

<u>Assets</u>	Delaware Opportunities, <u>Inc.</u>	<u>ADOO</u>	<u>HCOD</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:					
Cash	\$ 1,587,173	486,722	301	-	2,074,196
Receivables	1,218,584	97,004	-	(97,004)	1,218,584
Current portion of loans receivable	-	50,801	-	(50,801)	-
Prepaid expenses	140,355	-	-	-	140,355
Inventories, at cost	41,943	-	-	-	41,943
Total current assets	<u>2,988,055</u>	<u>634,527</u>	<u>301</u>	<u>(147,805)</u>	<u>3,475,078</u>
Investments, at fair value	<u>1,512,661</u>	<u>1,032,257</u>	<u>-</u>	<u>-</u>	<u>2,544,918</u>
Loans receivable, net of current portion	<u>-</u>	<u>90,027</u>	<u>-</u>	<u>(90,027)</u>	<u>-</u>
Property and equipment, at cost	4,993,832	551,080	-	-	5,544,912
Less accumulated depreciation	<u>(3,192,075)</u>	<u>(479,415)</u>	<u>-</u>	<u>-</u>	<u>(3,671,490)</u>
Net property and equipment	<u>1,801,757</u>	<u>71,665</u>	<u>-</u>	<u>-</u>	<u>1,873,422</u>
Total assets	<u>\$ 6,302,473</u>	<u>1,828,476</u>	<u>301</u>	<u>(237,832)</u>	<u>7,893,418</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable	274,741	-	-	(97,004)	177,737
Accrued payroll and payroll taxes	403,331	-	-	-	403,331
Accrued expenses	448,031	-	-	-	448,031
Deferred revenue	297,423	-	-	-	297,423
Current portion of long-term debt	<u>50,801</u>	<u>-</u>	<u>-</u>	<u>(50,801)</u>	<u>-</u>
Total current liabilities	1,474,327	-	-	(147,805)	1,326,522
Long-term debt, net of current portion	<u>90,027</u>	<u>-</u>	<u>-</u>	<u>(90,027)</u>	<u>-</u>
Total liabilities	<u>1,564,354</u>	<u>-</u>	<u>-</u>	<u>(237,832)</u>	<u>1,326,522</u>
Net assets:					
Without donor restrictions	4,057,313	1,828,476	301	-	5,886,090
With donor restrictions	<u>680,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>680,806</u>
Total net assets	<u>4,738,119</u>	<u>1,828,476</u>	<u>301</u>	<u>-</u>	<u>6,566,896</u>
Total liabilities and net assets	<u>\$ 6,302,473</u>	<u>1,828,476</u>	<u>301</u>	<u>(237,832)</u>	<u>7,893,418</u>

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Consolidating Statement of Activities
Year ended February 29, 2020

	Delaware Opportunities, <u>Inc.</u>	<u>ADOO</u>	<u>HCOD</u>	<u>Eliminations</u>	<u>Total</u>
Support and revenue:					
Fees and grants from governmental agencies	\$ 11,559,300	-	-	-	11,559,300
WIC food instruments and commodities	569,911	-	-	-	569,911
In-kind support	305,548	-	-	-	305,548
Program revenue	159,940	-	-	-	159,940
Lease income	-	23,587	-	(23,587)	-
Equipment rentals	-	129,436	-	(129,436)	-
Contributions	29,608	-	-	-	29,608
Interest	48,623	28,305	-	-	76,928
Miscellaneous	428,814	-	-	-	428,814
Total support and revenue	<u>13,101,744</u>	<u>181,328</u>	<u>-</u>	<u>(153,023)</u>	<u>13,130,049</u>
Expenses:					
Personnel	5,677,162	-	-	-	5,677,162
Employee benefits and taxes	1,766,570	-	-	-	1,766,570
Payments for benefits of individuals	2,899,298	-	-	-	2,899,298
Other direct expenses	176,746	18,065	25	(39,260)	155,576
Travel	486,965	64,301	-	(113,763)	437,503
Supplies	866,884	251	-	-	867,135
Contractual and consultants	173,745	-	325	-	174,070
Insurance	144,147	-	-	-	144,147
Occupancy	478,325	-	-	-	478,325
Donated items, services and facilities	305,548	-	-	-	305,548
Other	44,778	-	-	-	44,778
Depreciation	215,639	24,257	-	-	239,896
Total expenses	<u>13,235,807</u>	<u>106,874</u>	<u>350</u>	<u>(153,023)</u>	<u>13,190,008</u>
Change in net assets before other income (loss)	<u>(134,063)</u>	<u>74,454</u>	<u>(350)</u>	<u>-</u>	<u>(59,959)</u>
Other income (loss):					
Gain on disposal of assets	7,000	-	-	-	7,000
Realized loss on investments	(4,382)	-	-	-	(4,382)
Unrealized gain on investments	31,268	22,941	-	-	54,209
Total other income	<u>33,886</u>	<u>22,941</u>	<u>-</u>	<u>-</u>	<u>56,827</u>
Change in net assets	(100,177)	97,395	(350)	-	(3,132)
Net assets at beginning of year	<u>4,838,296</u>	<u>1,731,081</u>	<u>651</u>	<u>-</u>	<u>6,570,028</u>
Net assets at end of year	<u>\$ 4,738,119</u>	<u>1,828,476</u>	<u>301</u>	<u>-</u>	<u>6,566,896</u>

DELAWARE OPPORTUNITIES, INC.
 AND AFFILIATES
 New York State Division of Housing and Community Renewal -
 Rural Preservation Program
 Schedule of Expenses
 For the year ended June 30, 2019 and the eight months ended February 29, 2020

	<u>July 1, 2018 - February 28, 2019</u>	<u>March 1, 2019 - June 30, 2019</u>	<u>Total</u>	<u>July 1, 2019 - February 29, 2020</u>
Revenue	\$ 39,858	51,241	91,099	53,302
Expenses:				
Salaries	24,280	32,508	56,788	33,789
Fringe benefits	8,050	10,317	18,367	10,670
Insurance/bonding	138	580	718	278
Professional services	17	1,093	1,110	-
Rent/mortgage/utilities	708	1,759	2,467	660
Telephone	388	164	552	425
Office supplies	1,559	-	1,559	1,872
Printing/postage	1,765	1,880	3,645	1,508
Travel	561	655	1,216	709
Staff development/training	811	856	1,667	1,612
Service agreements and maintenance	1,390	960	2,350	1,434
Advertising and bids	86	-	86	54
Other	105	469	574	291
Total expenses	<u>\$ 39,858</u>	<u>51,241</u>	<u>91,099</u>	<u>53,302</u>

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Schedule of Expenditures of Federal Awards
Year ended February 29, 2020

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Agency or pass-through grantor's number</u>	<u>Federal expenditures</u>	<u>Expenditures to subrecipients</u>
U.S. Department of Agriculture - pass-through New York State Department of Health: Special Supplemental Nutrition Program:				
Women, Infants and Children	10.557	Food instruments	\$ 467,063	-
Women, Infants and Children	10.557	C-025742-18	210,909	-
Women, Infants and Children	10.557	C-025742-19	147,751	-
Child and Adult Care Food Program - Head Start	10.558	2053	94,223	-
Child and Adult Care Food Program - Family Day Care	10.558	2070	<u>142,675</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>1,062,621</u>	<u>-</u>
U.S. Department of Housing and Urban Development: Pass-through New York State Department of Housing and Community Renewal - Housing Council Assistance Program	14.169		16,878	-
Pass-through New York State Homes and Community Renewal - HOME VII/HOME MHR	14.239	20163107/20163127	232,249	-
Access to Home McAid	14.239	20163004	<u>65,625</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>314,752</u>	<u>-</u>
U.S. Department of Justice - pass-through New York State Office of Victim Services:				
Domestic Violence	16.575	C-100253-18	72,158	-
Sexual Assault	16.575	C-100362-18	57,310	-
OVS-Combined	16.575	C-10944GG-19	73,237	-
Case Manager	16.575	C-10718GG-19	<u>38,081</u>	<u>-</u>
Total U.S. Department of Justice			<u>240,786</u>	<u>-</u>
U.S. Department of Energy - pass-through New York State Division of Housing and Community Renewal - Weatherization Assistance Program	81.042	C093250-19	<u>225,492</u>	<u>-</u>
U.S. Department of Health and Human Services: Pass-through Delaware County Office of the Aging:				
Special Programs for the Aging Title III Part C Nutrition Services	93.045		125,614	-
Nutrition Services Incentive Program	93.053		59,157	-

(Continued)

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Schedule of Expenditures of Federal Awards, Continued

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Agency or pass-through grantor's number</u>	<u>Federal expenditures</u>	<u>Expenditures to subrecipients</u>
U.S. Department of Health and Human Services, Continued:				
Pass-through New York State Division of Housing and Community Renewal:				
Low Income Home Energy Assistance	93.568	C93250-18	\$ 55,562	-
Low Income Home Energy Assistance	93.568	C93250-19	417,213	-
Pass-through New York State Office Child and Family Services:				
Temporary Assistance to Needy Families - Healthy Families of New York	93.558	C028012-18	174,011	-
Temporary Assistance to Needy Families - Healthy Families of New York	93.558	C028012-19	133,826	-
Pass-through Delaware County Department of Social Services:				
FFFS (Employment and Training) TANF	93.558		250,000	-
TANF (NR DV-Expansion)	93.558		36,036	-
Transportation Initiative (Wheels for Work)	93.558		30,596	-
Low Income Home Energy Assistance - WRAP	93.568		117,904	-
Child Care and Development Grant - Discretionary (DC Reg)	93.575		82,233	-
Child Care Mandatory and Matching Funds (Daycare) (DC Dev and Assist)	93.596		189,121	-
Social Services Block Grant (Serv. for Recipients/Title XX) - AOFH-FR-Preventive	93.667		208,188	-
Social Services Block Grant (Serv. for Recipients/Title XX) - Parent Education	93.667		113,898	-
Social Services Block Grant (Serv. for Recipients/Title XX) - Non Res. DV & Res. DV	93.667		134,707	-
Chafee Foster Care Independence Program (Independent Living) - FRILS	93.674		33,991	-
Pass-through New York State Department of State:				
Community Services Block Grant	93.569	C-1000756-18	183,050	-
Community Services Block Grant - Discretionary	93.569	Discretionary	28,229	-
Community Services Block Grant	93.569	C-1000756-19	55,321	-
Head Start	93.600	02CH010330-04	2,281,406	-
Pass-through New York State Child and Family Services - Family Violence Prevention and Services/Grants for Battered Women's Shelters Grants to States				
	93.671	C-027490	<u>30,965</u>	-
Total U.S. Department of Health and Human Services			<u>4,741,028</u>	-
U.S. Department of Homeland Security - Emergency Food and Shelter National Board Program				
	97.024		<u>23,353</u>	-
Total federal expenditures			<u>\$ 6,608,032</u>	-

See accompanying notes to schedule of expenditures of federal awards.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Notes to Schedule of Expenditures of Federal Awards
February 29, 2020

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activities of all the Federal award programs of the Organization. All financial awards received directly from Federal agencies as well as financial awards passed through other governmental agencies or nonprofit organizations are included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting and in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to Federal funding agencies due to those reports being submitted on either the cash or modified accrual basis accounting.

(3) Relationship to Basic Financial Statements

Federal award expenditures are reported on the consolidated statements of functional expenses as program services and any related allowable general and administrative expenses under the category of management and general expenses. In certain programs, the expenditures reported in the financial statements may differ from the expenditures reported in the Schedule of Expenditures of Federal Awards due to program expenditures exceeding grant or contract budget limitations, matching or in-kind contributions or capitalization policies required under accounting principles generally accepted in the United States of America.

(4) Indirect Costs

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The Organization does not use the 10% de minimis election.

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

The Board of Directors
Delaware Opportunities, 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 consolidated financial statements of Delaware Opportunities, Inc. and Affiliates (collectively, the Organization), which comprise the consolidated statement of financial position as of February 29, 2020, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated November 19, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Delaware Opportunities, Inc. and Affiliates' 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Delaware Opportunities, Inc. and Affiliates' 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 consolidated 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 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. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as findings 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delaware Opportunities, Inc. and Affiliates' consolidated 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.

The Organization's Responses to Findings

The Organization's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

EFPR Group, CPAs, PLLC

Williamsville, New York
November 19, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors
Delaware Opportunities, Inc.:

Report on Compliance for Each Major Federal Program

We have audited Delaware Opportunities, Inc. and Affiliates' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Delaware Opportunities, Inc. and Affiliates' major federal programs for the year ended February 29, 2020. Delaware Opportunities, Inc. and Affiliates' 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Delaware Opportunities, Inc. and Affiliates' 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of 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 Delaware Opportunities, Inc. and Affiliates' 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 Delaware Opportunities, Inc. and Affiliates' compliance.

Opinion on Each Major Federal Program

In our opinion, Delaware Opportunities, Inc. and Affiliates 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 February 29, 2020.

Report on Internal Control Over Compliance

Management of Delaware Opportunities, Inc. and Affiliates 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 Delaware Opportunities, Inc. and Affiliates' 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 Delaware Opportunities, Inc. and Affiliates' 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.

Purpose of this Report

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.

EFPR Group, CPAs, PLLC

Williamsville, New York
November 19, 2020

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Schedule of Findings and Questioned Costs
Year ended February 29, 2020

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- | | | |
|---------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------|
| 1. Material weakness(es) identified? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Significant deficiency(ies) identified not considered to be material weakness(es)? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |
| 3. Noncompliance material to financial statements noted? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Federal Awards:

Internal control over major programs:

- | | | |
|---------------------------------------------------------------------------------------|------------------------------|---------------------------------------------------|
| 4. Material weakness(es) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 5. Significant deficiency(ies) identified not considered to be material weakness(es)? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |

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

Unmodified

- | | | |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------|
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------|

7. The Organization's major programs audited were:

Name of Federal Programs

CFDA Number

Temporary Assistance for Needy Families	93.558
Head Start	93.600
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557

- | | |
|-----------------------------------------------------------------------------|---------------------------------------------------------------------|
| 8. Dollar threshold used to distinguish between Type A and Type B programs. | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

Part II - FINANCIAL STATEMENT FINDINGS SECTION

See pages 28 and 29.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Schedule of Findings and Questioned Costs, Continued

(2020-001) Material Adjustments

Criteria - Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting and for preparing its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition - The financial statements of the Organization at February 29, 2020 required significant adjusting journal entries to the grant revenue, grants receivables and deferred revenue accounts in order to bring the Organization's consolidated financial statements to proper balances.

Effect of Condition - We noted three instances in which unbilled grants were not properly recorded at year end. As a result, the Organization's grant revenue, grant receivables and deferred revenue did not properly reflect the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Total adjustments to properly state the grants amounted to \$204,312.

Recommendation - All grant revenue and expenses should be reconciled at year end. We recommend that management institute a process whereby the Organization close all grants at the end of the reporting period to ensure grant revenue agrees to grant expense, where appropriate. In the case of unbilled grants receivable, management should close out the grant to an "unbilled receivable" account and subsequently reverse the account. In the case of "billed receivables," management should close the grant to the grants receivable account and subsequently post the cash receipt to the grants receivable account.

Management's Response - We agree with this finding and have acknowledged the need to continue to work on strengthening internal procedures and processes as it relates to year-end. We will continue to work closely with GMS, our accounting program, to seek out training and support to ensure the accuracy of steps being taken for reconciliation of accounts at year-end. We have already taken steps in the current fiscal year to ensure elements are being closed-out properly throughout the year, as well as making sure appropriate adjustments are made in a timely manner and prior to the end of the fiscal year. Additionally, we will continue to follow the advice of our auditors about the way in which elements should be closed-out and how receivables should be recorded.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Schedule of Findings and Questioned Costs, Continued

(2020-002) Schedule of Federal Expenditures (SEFA)

Criteria - The Organization is to accurately present its schedule of expenditures of federal awards 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 (Uniform Guidance).

Condition - The schedule of expenditures of federal awards required significant adjustments in order to accurately present expenditures based on grant agreements and revenue and expenditure reports through February 29, 2020. A contributing factor with regards to this condition was recording revenue and expenses on a cash basis rather than the accrual basis as required by generally accepted accounting principles.

Effect of Condition - Total net adjustments to the schedule of expenditures of federal awards approximated \$138,000.

Recommendation - We recommend the Organization establish procedures to track federal grant activity by individual Catalog of Federal Domestic Assistance (CFDA) number in accordance with grant agreements on the accrual basis of accounting.

Management's Response - We agree with this finding and will continue to work with our funders/contracts to ensure we are coding federal dollars correctly in our accounting system, attached to the appropriate CFDA number. Our new Fiscal Officer will review contracts and keep a spreadsheet of CFDA numbers and their corresponding contracts. We will also continue to work with our funders as well as GMS to ensure we are tracking on an accrual basis. Lastly, we will seek out training opportunities for the Fiscal Officer (related to federal awards) and fiscal staff (related to accrual accounting) to increase their knowledge and understanding in this area.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Corrective Action Plan

Year ended February 29, 2020

Name of Auditee: Delaware Opportunities, Inc. and Affiliates

Name of Audit Firm: EFPR Group, CPAs, PLLC

Period Covered by the Audit: February 29, 2020

CAP Prepared by: Shelly Bartow, Executive Director

Phone: (607) 746-1601

Current Finding on the Schedule of Findings and Questioned Costs and Recommendations

(1) Finding 2020-001

- (a) Comments on the finding and recommendation: The Organization agrees with the finding. The Organization also agrees with the recommendation, please see below for action taken.
- (b) Action taken: Several actions have or will be put into place to continue to address the audit finding.
1. New staff will be trained on fiscal processes. The Fiscal Officer, after being trained, will review revenue and expenditure reports closely each month, noting any discrepancies, identifying elements that need to be adjusted to close them out, etc. The Executive Director and Fiscal Officer will then meet monthly to discuss any concerns as well as plans to address any concerns that arise.
 2. The Agency will continue to provide training for current and new fiscal staff on the modules in GMS. GMS staff, prior to COVID, planned to conduct virtual trainings for staff on various processes and modules. This will be revisited and trainings will be scheduled. As off-site trainings start to take place again, the Agency will look at those opportunities for fiscal staff as well.
 3. The Agency will once again work with GMS to make any audit adjustments provided by the auditors to ensure that they are made correctly.

DELAWARE OPPORTUNITIES, INC.
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Corrective Action Plan, Continued

Current Finding on the Schedule of Findings and Questioned Costs and Recommendations,
Continued

(2) Finding 2020-002

- (a) Comments on the finding and recommendation: The Organization agrees with the finding. The Organization also agrees with the recommendation, please see below for action taken.
- (b) Action taken: The Fiscal Officer will review all contracts and catalog (via a spreadsheet) CFDA numbers attached to various contracts. She will also work closely with DSS and OFA to ensure consistency and understanding when it comes to the figures being provided by our local partners. All fiscal staff are provided, monthly, with an updated spreadsheet of elements (aka contracts) and their corresponding revenue codes to ensure that federal dollars are being recorded correctly. This has already eliminated many mistakes in the recording of cash receipts. The Fiscal Officer will also seek out training and support on the preparation of the SEFA.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Status of Prior Year Audit Findings

February 29, 2020

(2019-001) Material Adjustments

Criteria - Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting and for preparing its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition - The financial statements of the Organization at February 29, 2019 required significant adjusting journal entries in order to bring the Organization's consolidated financial statements to proper balances.

Effect of Condition - Total adjustments to the consolidated statement of financial position approximated \$1,400,000 to total assets and \$191,000 to total liabilities. Total adjustments to the consolidated statement of activities approximated \$765,000 to total revenue and \$449,000 to total expenses. Additionally, \$353,000 was reclassified between total revenue and total expenses.

Recommendation - We recommend the Organization formalize its accounting procedures and ensure that all accounts are properly reconciled to subsidiary schedules and supporting documentation and approved on a monthly basis. Additionally, we recommend reviewing ending account balances in comparison with previous years for obvious misstatements.

Current Status - Material audit adjustments were necessary during the year ended February 29, 2020 in order to properly present the financial information of the Organization. See finding (2020-001).

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Status of Prior Year Audit Findings, Continued

(2019-002) Schedule of Federal Expenditures (SEFA)

Criteria - The Organization is to accurately present its schedule of expenditures of federal awards 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 (Uniform Guidance).

Condition - The schedule of expenditures of federal awards required significant adjustments in order to accurately present expenditures based on grant agreements and revenue and expenditure reports through February 29, 2019. A contributing factor with regards to this condition was recording revenue and expenses on a cash basis rather than the accrual basis as required by generally accepted accounting principles. Additionally, the Organization included federal programs that should not have been reported on the SEFA and excluded federal programs that were required to be reported.

Effect of Condition - Total net adjustments to the schedule of expenditures of federal awards approximated \$112,000. CFDA number 14.239 related to the Community Service Block Grant in the amount of \$156,000 was excluded from the originally provided SEFA. CFDA numbers 14.169 related to Housing Council Assistance Program and 14.231 related to Solutions to End Homelessness with a combined total of \$156,000 were removed from the originally provided SEFA. Eleven other grants changed approximately \$112,000 from the amounts originally provided.

Recommendation - We recommend the Organization establish procedures to track federal grant activity by individual Catalog of Federal Domestic Assistance (CFDA) number in accordance with grant agreements on the accrual basis of accounting.

Current Status - Material audit adjustments were necessary during the year ended February 29, 2020 in order to properly present the SEFA. See finding (2020-002).