

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Consolidated Financial Statements and
Supplementary Information

February 28, 2015

(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), which comprise the consolidated statement of financial position as of February 28, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 28, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Delaware Opportunities, Inc. and Affiliates' 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2014, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was 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, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 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 also issued our report dated September 8, 2015, on our consideration of Delaware Opportunities, Inc. and Affiliates' 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 Delaware Opportunities, Inc. and Affiliates' internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York
September 8, 2015

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Consolidated Statement of Financial Position
February 28, 2015
with comparative totals for 2014

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets:		
Cash	\$ 2,826,004	2,635,375
Receivables	1,177,442	1,281,895
Prepaid expenses	99,490	164,239
Inventories, at cost	<u>19,129</u>	<u>22,284</u>
Total current assets	<u>4,122,065</u>	<u>4,103,793</u>
Property and equipment, at cost	5,158,805	5,145,605
Less accumulated depreciation	<u>(2,962,491)</u>	<u>(2,995,253)</u>
Net property and equipment	<u>2,196,314</u>	<u>2,150,352</u>
Total assets	<u><u>\$ 6,318,379</u></u>	<u><u>6,254,145</u></u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	39,266	121,769
Accrued payroll and payroll taxes	277,547	279,745
Accrued expenses	846,299	910,214
Deferred revenue	<u>127,340</u>	<u>118,308</u>
Total current liabilities	<u>1,290,452</u>	<u>1,430,036</u>
Net assets:		
Unrestricted:		
Available for operations	2,360,865	2,238,450
Investment in property	<u>2,196,314</u>	<u>2,150,352</u>
Total unrestricted	4,557,179	4,388,802
Temporarily restricted	<u>470,748</u>	<u>435,307</u>
Total net assets	<u>5,027,927</u>	<u>4,824,109</u>
Contingency (note 8)	<u> </u>	<u> </u>
Total liabilities and net assets	<u><u>\$ 6,318,379</u></u>	<u><u>6,254,145</u></u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Consolidated Statement of Activities
Year ended February 28, 2015
with comparative totals for 2014

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u> <u>2015</u>	<u>2014</u>
Support and revenue:				
Fees and grants from governmental agencies	\$ 11,197,828	558,444	11,756,272	11,671,784
WIC food instruments and commodities	665,216	-	665,216	672,996
In-kind support	601,352	-	601,352	545,069
Program revenue	251,055	-	251,055	304,778
Contributions	-	47,606	47,606	14,746
Developer fee	-	-	-	-
Interest	3,097	224	3,321	4,129
Miscellaneous	76,120	17,150	93,270	150,068
Net assets released from restrictions through satisfaction of program restrictions	<u>587,983</u>	<u>(587,983)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>13,382,651</u>	<u>35,441</u>	<u>13,418,092</u>	<u>13,363,570</u>
Expenses:				
Program services	12,507,517	-	12,507,517	12,452,110
Management and general	<u>706,757</u>	<u>-</u>	<u>706,757</u>	<u>658,734</u>
Total expenses	<u>13,214,274</u>	<u>-</u>	<u>13,214,274</u>	<u>13,110,844</u>
Increase in net assets	168,377	35,441	203,818	252,726
Net assets at beginning of year	<u>4,388,802</u>	<u>435,307</u>	<u>4,824,109</u>	<u>4,571,383</u>
Net assets at end of year	<u>\$ 4,557,179</u>	<u>470,748</u>	<u>5,027,927</u>	<u>4,824,109</u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Consolidated Statement of Functional Expenses
Year ended February 28, 2015
with comparative totals for 2014

	Program services						Supporting services				
	Early childhood and family development	Crime victims and prevention	Education	Community	Housing	Economic self-sufficiency	Health and nutrition	Other	Total	Management and general	Total
Labor and benefits:											
Personnel	\$ 1,521,671	222,838	1,091,058	700,635	504,290	295,961	1,158,086	-	5,494,539	426,831	5,921,370
Employee benefits and taxes	542,276	76,429	369,601	171,303	193,342	100,504	387,171	-	1,840,626	148,708	1,989,334
Total labor and benefits	2,063,947	299,267	1,460,659	871,938	697,632	396,465	1,545,257	-	7,335,165	575,539	7,910,704
Expenses:											
Payments for benefits of individuals	1,526	22	2,247	4,579	1,606,463	39,986	891,178	-	2,546,001	-	2,546,001
Other direct expenses	11,476	1,869	24,872	3,042	12,022	1,803	10,647	10,543	76,274	13,728	90,002
Travel	169,361	18	92,060	166,978	15,938	38,016	61,621	58,911	602,903	-	602,903
Supplies	39,127	8,400	44,199	20,447	132,613	13,548	401,163	286	659,783	6,294	666,077
Contractual and consultants	7,406	2,229	14,224	4,653	18,227	1,368	11,816	3,025	62,948	35,948	98,896
Insurance	22,953	5,972	25,294	19,309	22,856	6,328	21,688	-	124,400	19,230	143,630
Occupancy	32,402	9,707	36,741	14,965	24,728	5,533	38,284	-	162,360	44,126	206,486
Donated items, services and facilities	-	35,480	508,542	57,330	-	-	-	-	601,352	-	601,352
Grant expense	-	-	-	-	-	-	-	3,650	3,650	-	3,650
Other	9,917	-	-	18,295	287	-	-	9	28,508	-	28,508
Loss on disposition of assets	-	-	-	-	-	-	3,987	-	3,987	-	3,987
Total expenses	294,168	63,697	748,179	309,598	1,833,134	106,582	1,440,384	76,424	4,872,166	119,326	4,991,492
Depreciation	-	-	-	-	-	-	220,633	79,553	300,186	11,892	312,078
Total functional expenses	\$ 2,358,115	362,964	2,208,838	1,181,536	2,530,766	503,047	3,206,274	155,977	12,507,517	706,757	13,214,274
											13,110,844

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Consolidated Statement of Cash Flows
Year ended February 28, 2015
with comparative totals for 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Increase in net assets	\$ 203,818	252,726
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	312,078	270,106
Loss on disposal of property and equipment	3,987	-
Changes in:		
Receivables	104,453	(61,442)
Prepaid expenses	64,749	(18,700)
Inventories	3,155	760
Accounts payable	(82,503)	(80,008)
Accrued payroll and payroll taxes	(2,198)	(266,370)
Accrued expenses	(63,915)	(78,411)
Deferred revenue	<u>9,032</u>	<u>30,704</u>
Net cash provided by operating activities	552,656	49,365
Cash flows from investing activities - additions to property and equipment	<u>(362,027)</u>	<u>(195,509)</u>
Net increase (decrease) in cash	190,629	(146,144)
Cash at beginning of year	<u>2,635,375</u>	<u>2,781,519</u>
Cash at end of year	<u><u>\$ 2,826,004</u></u>	<u><u>2,635,375</u></u>
Supplemental schedule of cash flow information:		
In-kind revenue	<u>\$ 601,352</u>	<u>545,069</u>
In-kind expense	<u>\$ 601,352</u>	<u>545,069</u>
Disposal of fully depreciated property and equipment	<u><u>\$ 344,840</u></u>	<u><u>-</u></u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Notes to Consolidated Financial Statements
February 28, 2015

(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. Housing's sole member is Delaware Opportunities, Inc.

Delaware and the Affiliates are collectively referred to as the Organization.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of Delaware and the Affiliates. 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 three classes of net assets: unrestricted net assets temporarily restricted net assets and permanently restricted net assets. The Organization did not have any permanently restricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - 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.

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

(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 statement 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) Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Changes in the valuation allowance have not been material to the consolidated financial statements.

(h) 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, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the consolidated statement of activities.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Capitalization and Depreciation, Continued

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 temporarily restricted support and the restriction expires over the useful life of property. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(i) 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 28, 2015, no impairment in value has been recognized.

(j) 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 statement of financial position as deferred revenue.

(k) 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 unrestricted 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. Contributed services are recognized as in-kind revenue and expense by the Organization when certain provisions are met. In-kind contributions of \$601,352 and \$545,069 for the years ended February 28, 2015 and 2014, respectively, have been recognized as in-kind revenue and expense by the Organization.

(l) 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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) 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.

(n) 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.

(o) 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 is no longer subject to tax examination for the years ended February 28, 2011, and prior. ADOO is no longer subject to tax examination for the years ended September 30, 2011, and prior.

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) Concentrations of Credit Risk

(a) Cash

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and equivalent accounts in financial institutions. Delaware, ADOO and HCOD are fully collateralized as of February 28, 2015.

(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.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Notes to Consolidated Financial Statements, Continued

(3) Property and Equipment

Property and equipment at February 28, 2015 and 2014 are summarized as follows:

	<u>2015</u>		
	Delaware Opportunities, <u>Inc.</u>	<u>ADOO</u>	<u>Total</u>
Land	\$ 124,589	-	124,589
Building and improvements	2,729,630	-	2,729,630
Equipment	491,926	87,321	579,247
Vehicles	<u>1,193,319</u>	<u>532,020</u>	<u>1,725,339</u>
	4,539,464	619,341	5,158,805
Less accumulated depreciation	<u>(2,550,261)</u>	<u>(412,230)</u>	<u>(2,962,491)</u>
	<u>\$ 1,989,203</u>	<u>207,111</u>	<u>2,196,314</u>
	<u>2014</u>		
	Delaware Opportunities, <u>Inc.</u>	<u>ADOO</u>	<u>Total</u>
Land	\$ 124,589	-	124,589
Building and improvements	2,720,915	-	2,720,915
Equipment	598,327	87,321	685,648
Vehicles	<u>1,202,173</u>	<u>412,280</u>	<u>1,614,453</u>
	4,646,004	499,601	5,145,605
Less accumulated depreciation	<u>(2,617,221)</u>	<u>(378,032)</u>	<u>(2,995,253)</u>
	<u>\$ 2,028,783</u>	<u>121,569</u>	<u>2,150,352</u>

(4) Compensated Absences

Included in accrued expenses is the Organization's liability for future payments of accrued vested vacation wages which amounted to \$308,556 and \$301,747 at February 28, 2015 and 2014, 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.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Notes to Consolidated Financial Statements, Continued

(5) Deferred Revenue

Deferred revenue amounted to \$127,340 and \$118,308 at February 28, 2015 and 2014, 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.

(6) 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 \$381,355 and \$353,450 for the years ended February 28, 2015 and 2014, respectively.

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets amounting to \$470,748 and \$435,307 at February 28, 2015 and 2014, respectively, are restricted for use in various programs as specified by the respective donors. Net assets of \$587,983 and \$524,471 were released from donor restrictions during the years ended February 28, 2015 and 2014, respectively, through the satisfaction of donor stipulations.

(8) 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 28, 2015

<u>Assets</u>	Delaware Opportunities, <u>Inc.</u>	<u>ADOO</u>	<u>HCOD</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:					
Cash	\$ 1,827,987	997,926	91	-	2,826,004
Receivables	1,177,442	120,373	-	(120,373)	1,177,442
Current portion of loans receivable	-	49,947	-	(49,947)	-
Prepaid expenses	99,490	-	-	-	99,490
Inventories, at cost	19,129	-	-	-	19,129
Total current assets	3,124,048	1,168,246	91	(170,320)	4,122,065
Loans receivable, net of current portion	-	339,759	-	(339,759)	-
Property and equipment, at cost	4,539,464	619,341	-	-	5,158,805
Less accumulated depreciation	(2,550,261)	(412,230)	-	-	(2,962,491)
Net property and equipment	1,989,203	207,111	-	-	2,196,314
Total assets	<u>\$ 5,113,251</u>	<u>1,715,116</u>	<u>91</u>	<u>(510,079)</u>	<u>6,318,379</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable	159,639	-	-	(120,373)	39,266
Accrued payroll and payroll taxes	277,547	-	-	-	277,547
Accrued expenses	846,299	-	-	-	846,299
Deferred revenue	127,340	-	-	-	127,340
Current portion of long-term debt	49,947	-	-	(49,947)	-
Total current liabilities	1,460,772	-	-	(170,320)	1,290,452
Long-term debt, net of current portion	339,759	-	-	(339,759)	-
Total liabilities	1,800,531	-	-	(510,079)	1,290,452
Net assets:					
Unrestricted:					
Available for operations	852,769	1,508,005	91	-	2,360,865
Investment in property	1,989,203	207,111	-	-	2,196,314
Total unrestricted	2,841,972	1,715,116	91	-	4,557,179
Temporarily restricted	470,748	-	-	-	470,748
Total net assets	3,312,720	1,715,116	91	-	5,027,927
Total liabilities and net assets	<u>\$ 5,113,251</u>	<u>1,715,116</u>	<u>91</u>	<u>(510,079)</u>	<u>6,318,379</u>

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Consolidating Statement of Activities
Year ended February 28, 2015

	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	\$ 11,756,272	-	-	-	11,756,272
WIC food instruments and commodities	665,216	-	-	-	665,216
In-kind support	601,352	-	-	-	601,352
Program revenue	251,055	-	-	-	251,055
Lease income	-	172,077	-	(172,077)	-
Equipment rentals	-	121,484	-	(121,484)	-
Contributions	47,606	-	-	-	47,606
Developer fee	-	-	-	-	-
Interest	475	2,846	-	-	3,321
Miscellaneous	93,270	-	-	-	93,270
Total support and revenue	<u>13,415,246</u>	<u>296,407</u>	<u>-</u>	<u>(293,561)</u>	<u>13,418,092</u>
Expenses:					
Personnel	5,921,370	-	-	-	5,921,370
Employee benefits and taxes	1,989,334	-	-	-	1,989,334
Payments for benefits of individuals	2,546,001	-	-	-	2,546,001
Other direct expenses	102,933	10,518	25	(23,474)	90,002
Travel	814,079	58,911	-	(270,087)	602,903
Supplies	665,791	286	-	-	666,077
Contractual and consultants	95,871	2,700	325	-	98,896
Insurance	143,630	-	-	-	143,630
Occupancy	206,486	-	-	-	206,486
Donated items, services and facilities	601,352	-	-	-	601,352
Grant expense	-	3,650	-	-	3,650
Other	28,499	-	9	-	28,508
Loss on disposal of property and equipment	3,987	-	-	-	3,987
Depreciation	232,525	79,553	-	-	312,078
Total expenses	<u>13,351,858</u>	<u>155,618</u>	<u>359</u>	<u>(293,561)</u>	<u>13,214,274</u>
Increase (decrease) in net assets	63,388	140,789	(359)	-	203,818
Net assets at beginning of year	<u>3,249,332</u>	<u>1,574,327</u>	<u>450</u>	<u>-</u>	<u>4,824,109</u>
Net assets at end of year	<u>\$ 3,312,720</u>	<u>1,715,116</u>	<u>91</u>	<u>-</u>	<u>5,027,927</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, 2014 and the eight months ended February 28, 2015

	July 1, 2013 - February 29, 2014	March 1, 2014 - June 30, 2014	Total	July 1, 2014 - February 28, 2015
Revenue	\$ 43,044	23,415	66,459	37,417
Expenses:				
Salaries	25,907	14,721	40,628	21,729
Fringe benefits	7,797	4,957	12,754	7,550
Insurance/bonding	-	433	433	-
Professional services	64	199	263	-
Rent/mortgage/utilities	550	265	815	697
Telephone	697	325	1,022	516
Office supplies	1,073	366	1,439	1,496
Printing/postage	4,016	1,181	5,197	2,767
Travel	1,750	526	2,276	1,120
Staff development/training	245	-	245	245
Service agreements and maintenance	945	442	1,387	989
Advertising and bids	-	-	-	172
Other	-	-	-	136
Total expenses	\$ 43,044	23,415	66,459	37,417

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Schedule of Expenditures of Federal Awards
Year ended February 28, 2015

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Agency or pass-through grantor's number</u>	<u>Federal expenditures</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	\$ 609,821
Women, Infants and Children	10.557	C-025742-13	198,266
Women, Infants and Children	10.557	C-025742-14	105,074
Child and Adult Care Food Program - Head Start	10.558	2053	108,029
Child and Adult Care Food Program - Family Day Care	10.558	2070	198,401
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Recovery Act Funded	10.561		65,612
Total U.S. Department of Agriculture			<u>1,285,203</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		22,883
Pass-through Village of Hancock - Community Development Block Grants/States Program	14.228		10,895
Pass-through Town of Deposit - Community Development Block Grants/States Program	14.228		14,657
Pass-through New York State Housing Trust Fund Corp.:			
Home Investment Partnerships Program (V)	14.239	20093173	2,276
Home Investment Partnerships Program (VI)	14.239	20123148	361,227
Total U.S. Department of Housing and Urban Development			<u>411,938</u>
U.S. Department of Justice:			
Crime Victim Assistance	16.575	C-501046	64,279
Pass-through New York State Office of Victim Services:			
Domestic Violence	16.575	C-100253	31,476
Sexual Assault	16.575	C-100362	21,144
Total U.S. Department of Justice			<u>116,899</u>

(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.S. Department of Energy - pass-through New York State Division of Housing and Community Renewal:			
Weatherization Assistance for Low-Income Individuals	81.042	C091025-13	\$ 3,425
Weatherization Assistance for Low-Income Individuals	81.042	C091025-14	89,816
Total U.S. Department of Energy			<u>93,241</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		135,681
Nutrition Services Incentive Program	93.053		56,395
Pass-through New York State Department of Health - Injury Prevention and Control Research and State and Community Based Programs	93.136		14,344
Emergency Food Assistance	93.558		17,793
Pass-through New York State Office of Temporary and Disability Services:			
Solutions to End Homelessness	14.231	C-021836	28,001
Temporary Assistance to Needy Families - Wheels to Work	93.558		60,828
Transportation Initiative	93.558		13,735
Pass-through New York State Office Child and Family Services:			
Temporary Assistance to Needy Families - Healthy Families of New York	93.558	C-025103-13	95,150
Temporary Assistance to Needy Families - Healthy Families of New York	93.558	C-025103-14	116,675
Pass-through New York State Division of Housing and Community Renewal:			
Low Income Home Energy Assistance	93.568	C091025-13	8,991
Low Income Home Energy Assistance	93.568	C091025-14	203,222
Pass-through Delaware County Department of Social Services:			
Low Income Home Energy Assistance	93.568		141,677
Low Income Home Energy Assistance - WRAP	93.568		16,188
Temporary Assistance to Needy Families - SAV Expansion	93.558		4,779

(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.S. Department of Health and Human Services, Continued:			
Pass-through New York State Department of State:			
Community Services Block Grant	93.569	C-1000293-14	\$ 178,733
Community Services Block Grant	93.569	C-1000293-15	44,945
Head Start	93.600	02CH1150/48	1,962,976
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-026781	<u>27,707</u>
Total U.S. Department of Health and Human Services			<u>3,127,820</u>
U.S. Department of Homeland Security - Emergency Food and Shelter National Board Program	97.024		<u>3,402</u>
Total federal expenditures			<u><u>\$ 5,038,503</u></u>

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Delaware Opportunities, Inc. and Affiliates and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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 28, 2015, 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 September 8, 2015.

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 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 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.

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.

Toski & Co., CPAs, P.C.

Williamsville, New York
September 8, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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 28, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 28, 2015.

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 OMB Circular A- 133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

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

Toski & Co., CPAs, P.C.

Williamsville, New York
September 8, 2015

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES

Schedule of Findings and Questioned Costs

Year ended February 28, 2015

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified?

____ Yes ☒ No

2. Significant deficiency(ies) identified not considered to be material weakness(es)?

____ Yes ☒ None reported

3. Noncompliance material to financial statements noted?

____ Yes ☒ No

Federal Awards:

Internal control over major programs:

4. Material weakness(es) identified?

____ Yes ☒ No

5. Significant deficiency(ies) identified not considered to be material weakness(es)?

____ Yes ☒ 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 OMB Circular A-133 (section .510(a))?

____ Yes ☒ No

7. The Organization's major programs audited were:

Name of Federal Programs

CFDA
Number

Child and Adult Care Food Program

10.558

Home Investment Partnerships Program

14.239

Low Income Home Energy Assistance

93.568

Temporary Assistance for Needy Families

93.558

8. Dollar threshold used to distinguish between Type A and Type B programs?

\$300,000

9. Auditee qualified as low-risk auditee?

☒ Yes ____ No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATES
Status of Prior Year Audit Findings
February 28, 2015

There were no findings with regard to the prior year consolidated financial statements (February 28, 2014).