

**Crawford-Sebastian  
Community Development Council, Inc.**

**Financial Statements**  
with Independent Auditor's Reports

**September 30, 2021**

**Crawford-Sebastian Community Development Council, Inc.**  
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## **Independent Auditor's Report on Financial Statements**

Board of Directors  
Crawford-Sebastian Community Development Council, Inc.  
Fort Smith, Arkansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Crawford-Sebastian Community Development Council, Inc. (CSCDC), which comprise the statement of financial position as of September 30, 2021 and the related statement of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the CSCDC as of September 30, 2021 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.

### **Emphasis of Matter**

As disclosed in Note 2 to the financial statements, CSCDC has reduced beginning of year net assets due to not removing the entire book value of a building that was sold during previous year.

### **Other Information**

Our audit was performed for the purpose of forming an opinion on the financial statements of the CSCDC taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. The combining statements, statement of functional expenses - River Valley Food Bank and schedule of expenditures of federal awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2022 on our consideration of the CSCDC internal control over financial reporting and 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 result of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CSCDC's internal control over financial reporting and compliance.

*Hick & Company, PC*

Tulsa, Oklahoma  
April 25, 2022



## **Financial Statements**

**Crawford-Sebastian Community Development Council, Inc.**  
Statement of Net Position  
September 30, 2021

<b>Assets</b>	
Cash	\$ 3,166,106
Accounts receivable	464,298
Inventory	
Food and other materials	3,005,836
Property for sale	767,163
Prepaid expenses	17,869
Property and equipment, net	<u>2,660,216</u>
Total Assets	<u>\$ 10,081,488</u>
<b>Liabilities</b>	
Accounts payable	\$ 448,135
Accrued expenses	<u>92,201</u>
Total Liabilities	<u>540,336</u>
<b>Net Assets</b>	
Without donor restrictions	166,002
With donor restrictions	<u>9,375,150</u>
Total net assets	<u>9,541,152</u>
Total Liabilities and Net Assets	 <u>\$ 10,081,488</u>

**Crawford-Sebastian Community Development Council, Inc.**  
Statement of Activities  
For the Year Ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues</b>			
Federal grants	\$ -	\$ 7,625,979	\$ 7,625,979
Contributions	18,910	1,297,861	1,316,771
Shared maintenance	-	453,612	453,612
Developer fees	-	197,996	197,996
Home sales revenue	728	459,503	460,231
In-kind revenue	1,008	16,388,244	16,389,252
Match revenue	(189,366)	189,366	-
Other	114,332	81,726	196,058
Net assets released from restrictions	<u>25,361,298</u>	<u>(25,361,298)</u>	<u>-</u>
<b>Total Revenues</b>	<u>25,306,910</u>	<u>1,332,989</u>	<u>26,639,899</u>
<b>Expenses</b>			
Program expenses	24,097,603	-	24,097,603
Support services:			
Administrative expenses	1,448,052	-	1,448,052
Fundraising	<u>125,801</u>	<u>-</u>	<u>125,801</u>
<b>Total Expenses</b>	<u>25,671,456</u>	<u>-</u>	<u>25,671,456</u>
<b>Change in Net Assets</b>	(364,546)	1,332,989	968,443
<b>Net Assets, Beginning of Year, (As restated)</b>	<u>530,548</u>	<u>8,042,161</u>	<u>8,572,709</u>
<b>Net Assets, End of Year</b>	<u>\$ 166,002</u>	<u>\$ 9,375,150</u>	<u>\$ 9,541,152</u>

**Crawford-Sebastian Community Development Council, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2021**

	Program Expenses	Supporting Services		Total
		General and Administrative	Fundraising Expenses	
Inventory expenses	\$ 18,088,392	\$ 2,473	\$ -	\$ 18,090,865
Direct client assistance	3,107,764	190	-	3,107,954
Salaries and wages	1,031,657	429,738	35,817	1,497,212
Employee benefits	193,429	77,416	7,851	278,696
Payroll taxes	77,767	36,169	2,989	116,925
Donated professional services	883,265	-	-	883,265
Fees for services	106,676	132,903	-	239,579
Advertising and promotion	19,338	5,817	14,780	39,935
Office expenses	74,731	111,831	250	186,812
Space costs	13,412	137,461	-	150,873
Travel	61,215	9,313	-	70,528
Depreciation	39,765	261,049	-	300,814
Insurance	-	57,435	-	57,435
Repairs and maintenance	35,444	74,912	-	110,356
Other expenses	<u>364,748</u>	<u>111,345</u>	<u>64,114</u>	<u>540,207</u>
<b>Total Operating Expenses</b>	<b><u>\$ 24,097,603</u></b>	<b><u>\$ 1,448,052</u></b>	<b><u>\$ 125,801</u></b>	<b><u>\$ 25,671,456</u></b>



# Crawford-Sebastian Community Development Council, Inc.

## Statement of Cash Flows For the Year Ended September 30, 2021

<b>Cash Flows from Operating Activities</b>	
Increase in net assets	\$ 119,310
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	300,814
Loss on disposal of assets	934,737
Changes in	
Accounts receivable	285,432
Inventory	(800,306)
Prepaid expenses	10,973
Accrued expenses	6,922
Accounts payable	346,579
Net Cash Provided by Operating Activities	<u>1,204,461</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of capital assets	<u>(227,426)</u>
Net Cash Used in Investing Activities	<u>(227,426)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	977,035
<b>Cash and Cash Equivalents, <i>Beginning of Year</i></b>	<u>2,189,071</u>
<b>Cash and Cash Equivalents, <i>End of Year</i></b>	<u>\$ 3,166,106</u>

# **Crawford-Sebastian Community Development Council, Inc.**

Notes to Financial Statements

September 31, 2021

## **Note 1: Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

### **Background**

Crawford-Sebastian Community Development Council, Inc. (CSCDC) is a community action agency whose purpose is to make improvements in the lives of low-income individuals, families, and the communities in which they live, with the goal for clients to achieve self-sufficient living. CSCDC currently serves Crawford, Sebastian, Franklin, Logan, Scott, Polk, Carroll, Johnson, Madison, Washington, Yell, and Benton counties in the State of Arkansas.

### **Basis of Accounting**

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

### **Financial Statement Presentation**

CSCDC has adopted statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, CSCDC is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions, as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Net Assets with Donor Imposed Restrictions - Net assets subject to donor-imposed stipulations that can be met either by actions of CSCDC or the passage of time. Contributions with donor-imposed restrictions that are met in the same period as the contribution are accounted for as unrestricted contributions.

### **Management Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

CSCDC defines cash and cash equivalents to be all cash and certificates of deposit with original maturities of three months or less. Cash equivalents of \$3,271,986 as of September 30, 2021, were held in major local financial institutions.

# Crawford-Sebastian Community Development Council, Inc.

Notes to Financial Statements

September 31, 2021

## Note 1: Summary of Significant Accounting Policies (Continued)

### **Inventory - Food and Other Materials**

Inventory primarily consists of contributed and purchased food items. United States Department of Agriculture (USDA) contributed food items are valued at per case amounts established by the USDA. Other contributed food items are valued at estimated weighted average wholesale amount per pound as determined by Feeding America. Purchased food items are stated at the lower of cost (determined on the first-in, first-out method) or market. Direct program expenses include distributions of such items and includes spoilage and shrinkage (overage) for the years ended September 30, 2021.

### **Inventory - Property**

Inventory property consists of lots and homes held for sale in connection with development programs of CSCDC.

### **Land, Building and Equipment**

Fixed assets with unit costs over \$2,500 are capitalized at their historical costs. Improvements and repairs to fixed assets are capitalized if they cost more than \$2,500 and they increase the value and/or useful lives of the fixed assets. Depreciation on fixed assets is computed on the following estimated useful lives of the assets:

Buildings	30 years
Equipment	7 years
Office equipment	5 – 10 years

### **Shared Maintenance**

CSCDC, through its River Valley Food Bank operation, receives fees from participating agencies to assist in the costs of distributing food. These shared maintenance fees are based upon predetermined rates published by Feeding America. As of September 30, 2021, CSCDC had shared maintenance receivables of \$10,663.

### **Allocated Expenses**

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by CSCDC's management.

### **In-Kind Revenues**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create, or enhance, nonfinancial assets or that require special skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by the donation, are recorded at fair values in the period received.

# Crawford-Sebastian Community Development Council, Inc.

Notes to Financial Statements

September 31, 2021

## **Note 1: Summary of Significant Accounting Policies (Continued)**

### **In-Kind Revenues** (Continued)

Dentists, dental assistants, dental hygienists, and administrative staff donate their services CSCDC's dental clinic. The fair value of these services for the year ended September 30, 2021 was \$891,984.

The food donated to CSCDC under the River Valley Regional Food Bank program is valued at its estimated fair value. The fair value of these food donations for the year ended September 30, 2021 was \$15,476,260.

### **Concentrations of Credit Risk**

Financial instruments, which potentially subject CSCDC to concentrations of credit risk, consist primarily of cash and cash equivalents, short-term investments, and grants receivable. CSCDC places its cash and certificates of deposit with high quality financial institutions. CSCDC's management believes that the credit risk is adequately provided for to which it is exposed.

### **Advertising Expenses**

Advertising expenses are expensed when incurred. CSCDC incurred advertising expenses of \$39,395 for the year ended September 30, 2021.

### **Subsequent Events**

Subsequent events have been evaluated through April 25, 2022, which is the date the financial statements were issued.

## **Note 2: Restatement of Net Assets**

During the year ended September 30, 2021, CSCDC sold the building at 2920 South Zero Street, which previously housed the River Valley Food Bank. The building's book value was located on two separate funds within CSCDC's accounting information system, but the book value was only removed from one of the funds after the building was sold. The CSCDC's beginning net assets have been restated to remove the building's book value from the other fund. The net effect of the restatement amounts to a \$849,133 reduction of beginning net assets.

## **Note 3: Cash and Investments**

Deposits with banks and financial institutions are carried at cost. The table presented below is designed to disclose the level of custody credit risk assumed by CSCDC based upon how its deposits were insured or secured with collateral at September 30, 2021. The categories of credit risk are defined as follows:

# Crawford-Sebastian Community Development Council, Inc.

## Notes to Financial Statements

September 31, 2021

### Note 3: Cash and Investments (Continued)

*Category 1* - Insured by FDIC or collateralized by securities held by CSCDC or by its agent in its name.

*Category 2* - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in CSCDC's name.

*Category 3* - Deposits which are not collateralized or insured.

A summary of the deposits at September 30, 2021 consisted of the following:

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>Custody (Category 1)</u>	<u>Credit Risk (Category 2)</u>	<u>Uninsured (Category 3)</u>
<i>Demand Deposits</i>				
Total Deposits	\$ <u>3,271,986</u>	\$ <u>750,198</u>	\$ <u>-</u>	\$ <u>2,521,788</u>

### Note 4: Accounts Receivable

Accounts receivable, consisting of advances to subgrantees and local project service contracts, are carried at cost. CSCDC did not recognize any allowance for uncollectible amounts at September 30, 2021.

### Note 5: Fixed Assets

A summary of changes in fixed assets for the year ended September 30, 2021, is as follows:

	<u>Balance 9/30/2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 9/30/2021</u>
Buildings	\$ 4,465,177	\$ -	\$ (1,330,308)	\$ 3,134,869
Equipment	1,141,345	227,426	(181,307)	1,187,464
Total Fixed Assets	5,606,522	227,426	(1,511,615)	4,322,333
Accumulated Depreciation	(1,938,181)	(300,814)	576,878	(1,662,117)
Fixed Assets, Net	\$ <u>3,668,341</u>	\$ <u>(73,388)</u>	\$ <u>(934,737)</u>	\$ <u>2,660,216</u>

### Note 6: Net Assets

Net assets with donor restrictions at September 30, 2021 consist of the unused portion of contributions made by donors for specific programs. Net assets with donor restrictions are released from donor restrictions by incurring general expenses or by occurrence of other events specified by donors satisfying the restricted purposes.

# Crawford-Sebastian Community Development Council, Inc.

## Notes to Financial Statements

September 31, 2021

### Note 6: Net Assets (Continued)

Net assets with donor restrictions subject to expenditure for specified purpose as of September 30, 2021 were:

	<u>2021</u>
Dental Clinic	\$ 223,583
Community Services Block Grant	41,006
Federal Emergency Management Agency	852
Coronavirus Relief Fund	7,409
NeighborWorks America	584,677
River Valley Food Bank	6,456,521
The Emergency Assistance Food Program	486,157
StoneBrook Park Homes	333,002
Shop	186,659
City of Fort Smith	<u>1,055,284</u>
	<u>\$ 9,375,150</u>

Net assets released from restriction for the year ended September 30, 2021 were:

	<u>2021</u>
Dental Clinic	\$ 1,033,280
Community Services Block Grant	530,125
Federal Emergency Management Agency	333
Coronavirus Relief Fund	327,746
Child and Adult Care Food Program	538,382
NeighborWorks America	278,132
Housing and Urban Development	127,485
River Valley Food Bank	16,647,226
The Emergency Assistance Food Program	2,639,138
Department of Energy	590,915
Low Income Home Energy Assistance Program	1,967,697
Self Help	201,931
Arkansas Development Finance Authority	101,498
Department of Workforce Service	6,487
StoneBrook Park Homes	200
Shop	564
City of Fort Smith	<u>370,159</u>
	<u>\$ 25,361,298</u>

# **Crawford-Sebastian Community Development Council, Inc.**

Notes to Financial Statements

September 31, 2021

## **Note 7: Retirement Plan**

CSCDC sponsors a 403(b) thrift plan covering substantially all of its employees. Participation is voluntary and the employees may contribute up to 20% of their pay or as limited by the Internal Revenue Service. CSCDC matches employees' contributions up to a maximum of 4% of the qualifying wages. Employees become fully vested after two years of service. The total contributions made during 2021 were \$20,615.

## **Note 8: Related Party Transactions**

CSCDC has three wholly-owned subsidiaries by the names of Van Buren GP, LLC (Van Buren GP), Van Buren GP II, LLC (Van Buren GP II), and Fort Smith GP II, LLC (Fort Smith GP II). Van Buren GP owns .01% of Van Buren Housing Partners, LP (Van Buren Housing Partners) and acts as the general partner of the limited partnership. The remaining 99.9% of Van Buren Housing Partners is owned by an unrelated third party. Van Buren GP II owns .01% of Van Buren Housing Partners II, LP (Van Buren Housing Partners II) and acts as the general partner of the limited partnership. The remaining 99.9% of Van Buren Housing Partners II is owned by an unrelated third party. Fort Smith GP II owns .01% of Fort Smith Housing Partners II, LP (Fort Smith Housing Partners II) and acts as the general partner of the limited partnership. The remaining 99.9% of Fort Smith Housing Partners II is owned by an unrelated third party. The purpose of these entities is to build single family rental properties for low-income families and generate Federal Low-Income Housing Tax Credits to the 99.99% partner. CSCDC's responsibility is to oversee the construction of the single-family homes. Construction is complete for Van Buren GP and Van Buren GP II, and Fort Smith GP II is under construction.

## **Note 9: Economic Dependency**

CSCDC receives a significant portion of its revenue from funds provided through federal and state grants. The grant amounts are appropriated each year by the federal and state agencies. If significant budget cuts are made at the federal and/or state level, the amount of the funds CSCDC receives could be reduced significantly and have an adverse impact on its operations.

## **Note 10: Commitments and Contingent Liabilities**

In the normal course of operations, CSCDC participates in a number of federal and state assisted grant programs. These programs are subject to audit by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Presently, CSCDC has no such requests pending and in the opinion of management, any such amounts would not be considered material.

# Crawford-Sebastian Community Development Council, Inc.

Notes to Financial Statements

September 31, 2021

## Note 11: Liquidity and Availability of Financial Assets

CSCDC manages its liquid resources by focusing on compliance and fundraising efforts to ensure that it has adequate grant revenue and contribution revenue to cover the programs that are being conducted. The table below reflects CSCDC's financial assets, as of September 30, 2021, expected to be available within one year to meet the cash needs for general expenditures.

Financial Assets	
Cash and cash equivalents	\$ 3,166,106
Less those unavailable for general expenditure within one year, due to:	
Government grant-imposed restrictions and donor-imposed restrictions	<u>2,527,478</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 638,628</u>



## **Supplementary Information**

**Crawford-Sebastian Community Development Council, Inc.**  
Combining Statement of Net Position  
September 30, 2021

	General Fund	Dental Clinic	CSBG	FEMA	CRF	CACFP	Neighbor Works	HUD
<b>Assets</b>								
Cash	\$ 638,628	\$ (20,407)	\$ (191,182)	\$ 852	\$ 8,521	\$ 26,276	\$ 449,850	\$ (78,566)
Accounts receivable	502	-	66,790	-	-	-	-	22,021
Inventory								
Food and other materials	-	-	-	-	-	-	-	-
Property for sale	-	-	-	-	-	-	109,123	-
Prepaid expenses	17,869	-	-	-	-	-	-	-
Due from other Fund	-	73,243	162,167	-	13	6,558	13	58,617
Property and equip., net	570,331	170,947	4,935	-	-	-	30,367	-
Total Assets	<u>1,227,330</u>	<u>223,783</u>	<u>42,710</u>	<u>852</u>	<u>8,534</u>	<u>32,834</u>	<u>589,353</u>	<u>2,072</u>
<b>Liabilities</b>								
Accounts payable	842	200	1,704	-	1,125	32,834	4,676	905
Accrued expenses	90,990	-	-	-	-	-	-	1,167
Due to other fund	969,496	-	-	-	-	-	-	-
Total Liabilities	<u>1,061,328</u>	<u>200</u>	<u>1,704</u>	<u>-</u>	<u>1,125</u>	<u>32,834</u>	<u>4,676</u>	<u>2,072</u>
<b>Net Assets</b>								
Without Donor Restrictions	166,002	-	-	-	-	-	-	-
With Donor Restrictions	-	223,583	41,006	852	7,409	-	584,677	-
Total net assets	<u>166,002</u>	<u>223,583</u>	<u>41,006</u>	<u>852</u>	<u>7,409</u>	<u>-</u>	<u>584,677</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 1,227,330</u>	<u>\$ 223,783</u>	<u>\$ 42,710</u>	<u>\$ 852</u>	<u>\$ 8,534</u>	<u>\$ 32,834</u>	<u>\$ 589,353</u>	<u>\$ 2,072</u>

**Crawford-Sebastian Community Development Council, Inc.**  
Combining Statement of Net Position  
September 30, 2021

	RVFB	TEFAP	Dept of Energy	LiHEAP	Self Help	Homes	SHOP	City of Ft. Smith	Grand Total
<b>Assets</b>									
Cash	\$ 1,540,590	\$ 465,923	\$ (568,456)	\$ 151,270	\$ (88,653)	\$ 333,002	\$ 127,556	\$ 370,902	\$ 3,166,106
Accounts receivable	10,663	5,707	-	176,400	-	-	-	182,215	464,298
Inventory									
Food and other materials	2,966,353	14,463	17,490	7,530	-	-	-	-	3,005,836
Property for sale	-	-	-	-	-	-	59,103	598,937	767,163
Prepaid expenses	-	-	-	-	-	-	-	-	17,869
Due from other Fund	161,010	64	538,898	-	90,075	-	-	-	1,090,658
Property and equip., net	1,867,349	-	12,016	4,271	-	-	-	-	2,660,216
Total Assets	<u>6,545,965</u>	<u>486,157</u>	<u>(52)</u>	<u>339,471</u>	<u>1,422</u>	<u>333,002</u>	<u>186,659</u>	<u>1,152,054</u>	<u>11,172,146</u>
<b>Liabilities</b>									
Accounts payable	89,444	-	(52)	315,001	1,422	-	-	34	448,135
Accrued expenses	-	-	-	44	-	-	-	-	92,201
Due to other fund	-	-	-	24,426	-	-	-	96,736	1,090,658
Total Liabilities	<u>89,444</u>	<u>-</u>	<u>(52)</u>	<u>339,471</u>	<u>1,422</u>	<u>-</u>	<u>-</u>	<u>96,770</u>	<u>1,630,994</u>
<b>Net Assets</b>									
Without Donor Restrictions	-	-	-	-	-	-	-	-	166,002
With Donor Restrictions	6,456,521	486,157	-	-	-	333,002	186,659	1,055,284	9,375,150
Total net assets	<u>6,456,521</u>	<u>486,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,002</u>	<u>186,659</u>	<u>1,055,284</u>	<u>9,541,152</u>
Total Liabilities and Net Assets	<u>\$ 6,545,965</u>	<u>\$ 486,157</u>	<u>\$ (52)</u>	<u>\$ 339,471</u>	<u>\$ 1,422</u>	<u>\$ 333,002</u>	<u>\$ 186,659</u>	<u>\$ 1,152,054</u>	<u>\$ 11,172,146</u>

**Crawford-Sebastian Community Development Council, Inc.**  
Combining Statement of Changes in Net Assets  
For the Year Ended September 30, 2021

	General Fund	Dental Clinic	CSBG	FEMA	CRF	CACFP	Neighbor Works	HUD
<b>Revenues</b>								
Federal grants	\$ -	\$ -	\$ 571,131	\$ -	\$ 335,155	\$ 516,605	\$ 365,479	\$ 107,224
Contributions	18,910	129,718	-	-	-	-	-	-
Shared maintenance	-	-	-	-	-	-	-	-
Developer fees	-	-	-	-	-	-	-	-
Home sales revenue	728	-	-	-	-	-	80,034	-
In-kind revenue	1,008	891,984	-	-	-	-	20,000	-
Match revenue	(189,366)	-	-	-	-	6,545	-	23,561
Other	114,332	259	-	-	-	-	3,394	-
<b>Total Revenues</b>	<b>(54,388)</b>	<b>1,021,961</b>	<b>571,131</b>	<b>-</b>	<b>335,155</b>	<b>523,150</b>	<b>468,907</b>	<b>130,785</b>
<b>Expenses</b>								
Inventory expenses	-	1,311	363	-	-	572	20,000	-
Direct client assistance	15,861	42,067	50,469	-	302,997	473,332	13,048	101,338
Salaries and wages	79,591	60,247	210,299	265	19,252	43,130	61,466	19,752
Employee benefits	12,356	8,600	42,659	45	3,822	7,611	12,679	3,488
Payroll taxes	6,793	4,081	17,749	22	1,605	4,038	4,984	1,617
Donated professional services	-	883,265	-	-	-	-	-	-
Fees for services	17,866	2,437	59,524	-	-	1,247	3,750	-
Advertising and promotion	68	11	1,173	-	-	11	10,173	-
Office expenses	11,046	3,939	33,495	-	26	2,019	12,906	748
Space costs	53,412	1,231	18,086	-	-	3,939	21,912	-
Travel	134	106	439	-	-	1,458	1,105	-
Depreciation	86,908	18,189	1,205	-	-	-	576	-
Insurance	47,744	255	2,728	-	-	255	100	-
Repairs and maintenance	71,918	1,510	6,792	-	-	166	1,751	-
Other expenses	14,446	6,031	85,144	1	44	604	113,682	542
<b>Total Expenses</b>	<b>418,143</b>	<b>1,033,280</b>	<b>530,125</b>	<b>333</b>	<b>327,746</b>	<b>538,382</b>	<b>278,132</b>	<b>127,485</b>
<b>Change in Net Assets</b>	<b>(472,531)</b>	<b>(11,319)</b>	<b>41,006</b>	<b>(333)</b>	<b>7,409</b>	<b>(15,232)</b>	<b>190,775</b>	<b>3,300</b>
<b>Net Assets, Beginning of Year</b> <i>(As restated)</i>	<b>638,533</b>	<b>234,902</b>	<b>-</b>	<b>1,185</b>	<b>-</b>	<b>15,232</b>	<b>393,902</b>	<b>(3,300)</b>
<b>Net Assets, End of Year</b>	<b>\$ 166,002</b>	<b>\$ 223,583</b>	<b>\$ 41,006</b>	<b>\$ 852</b>	<b>\$ 7,409</b>	<b>\$ -</b>	<b>\$ 584,677</b>	<b>\$ -</b>

See Accompanying Independent Auditor's Report.

**Crawford-Sebastian Community Development Council, Inc.**  
Combining Statement of Changes in Net Assets  
For the Year Ended September 30, 2021

	RVFB	TEFAP	Dept of Energy	LiHEAP	Self Help	Homes	SHOP	City of Ft. Smith	Grand Total
<b>Revenues</b>									
Federal grants	\$ -	\$ 2,940,388	\$ 497,188	\$ 1,902,365	\$ 83,260	\$ -	\$ -	\$ 307,184	\$ 7,625,979
Contributions	1,116,560	-	48,722	-	2,861	-	-	-	1,316,771
Shared maintenance	453,612	-	-	-	-	-	-	-	453,612
Developer fees	-	-	-	-	-	159,574	-	38,422	197,996
Home sales revenue	-	-	-	18	12	18,791	-	360,648	460,231
In-kind revenue	15,476,260	-	-	-	-	-	-	-	16,389,252
Match revenue	-	-	45,005	23,338	90,917	-	-	-	-
Other	4,326	-	-	-	80	72,000	1,667	-	196,058
<b>Total Revenues</b>	<u>17,050,758</u>	<u>2,940,388</u>	<u>590,915</u>	<u>1,925,721</u>	<u>177,130</u>	<u>250,365</u>	<u>1,667</u>	<u>706,254</u>	<u>26,639,899</u>
<b>Expenses</b>									
Inventory expenses	15,438,339	2,623,235	4,228	2,817	-	-	-	-	18,090,865
Direct client assistance	4,181	-	322,743	1,518,962	9,162	-	319	253,475	3,107,954
Salaries and wages	434,513	12,238	159,530	258,287	128,145	-	-	10,497	1,497,212
Employee benefits	79,762	2,083	31,250	44,729	29,299	-	-	313	278,696
Payroll taxes	28,740	957	13,850	21,488	9,971	-	-	1,030	116,925
Donated professional services	-	-	-	-	-	-	-	-	883,265
Fees for services	106,725	-	4,643	10,371	1,612	-	-	31,404	239,579
Advertising and promotion	25,584	100	41	1,385	1,389	-	-	-	39,935
Office expenses	72,797	525	6,466	34,605	7,925	-	-	315	186,812
Space costs	32,869	-	3,871	15,553	-	-	-	-	150,873
Travel	47,980	-	8,522	5,163	5,621	-	-	-	70,528
Depreciation	187,907	-	210	5,819	-	-	-	-	300,814
Insurance	3,477	-	315	1,977	584	-	-	-	57,435
Repairs and maintenance	23,378	-	530	1,185	2,976	-	150	-	110,356
Other expenses	160,974	-	34,716	45,356	5,247	200	95	73,125	540,207
<b>Total Expenses</b>	<u>16,647,226</u>	<u>2,639,138</u>	<u>590,915</u>	<u>1,967,697</u>	<u>201,931</u>	<u>200</u>	<u>564</u>	<u>370,159</u>	<u>25,671,456</u>
<b>Change in Net Assets</b>	403,532	301,250	-	(41,976)	(24,801)	250,165	1,103	336,095	968,443
<b>Net Assets, Beginning of Year as Restated</b>	<u>6,052,989</u>	<u>184,907</u>	<u>-</u>	<u>41,976</u>	<u>24,801</u>	<u>82,837</u>	<u>185,556</u>	<u>719,189</u>	<u>8,572,709</u>
<b>Net Assets, End of Year</b>	<u>\$ 6,456,521</u>	<u>\$ 486,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 333,002</u>	<u>\$ 186,659</u>	<u>\$ 1,055,284</u>	<u>\$ 9,541,152</u>

See Accompanying Independent Auditor's Report.

**Crawford-Sebastian Community Development Council, Inc.**  
Statement of Functional Expenses - River Valley Food Bank  
For the Year Ended September 30, 2021

	<u>Program</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Expenses</u>	<u>General and Administrative</u>	
Inventory expenses	\$ 15,438,339	\$ -	\$ -	\$ 15,438,339
Direct client assistance	4,181	-	-	4,181
Salaries and wages	305,153	93,543	35,817	434,513
Employee benefits	54,152	17,759	7,851	79,762
Payroll taxes	18,131	7,620	2,989	28,740
Donated professional services	-	-	-	-
Fees for services	74,831	31,894	-	106,725
Advertising and promotion	10,249	555	14,780	25,584
Office expenses	60,935	11,612	250	72,797
Space costs	11,414	21,455	-	32,869
Travel	42,828	5,152	-	47,980
Depreciation	38,690	149,217	-	187,907
Insurance	-	3,477	-	3,477
Repairs and maintenance	14,475	8,903	-	23,378
Other expenses	83,365	13,495	64,114	160,974
<b>Total Operating Expenses</b>	<b>\$ 16,156,743</b>	<b>\$ 364,682</b>	<b>\$ 125,801</b>	<b>\$ 16,647,226</b>

# Crawford-Sebastian Community Development Council, Inc.

Schedule of Units of Service Provided  
For the Year Ended September 30, 2021

	<u>Units of Service</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	
Families obtain homes	47
Prepurchase counseling provided	739
HOME ENERGY ASSISTANCE PROGRAM	
Regular assistance applications taken	4,741
Regular assistance applications paid	4,127
Crisis assistance applications taken	532
Crisis assistance applications paid	383
RIVER VALLEY REGIONAL FOOD BANK AND OTHER FOOD ASSISTANCE	
Number of hunger agencies assisted by Food Bank	179
Families receiving commodities	17,507
WAP GRANT- WEATHERIZATION	
Houses weatherized	98

**Reports Required by *Government Auditing Standards* and  
Uniform Guidance**





**HINKLE &  
COMPANY** PC  
Strategic  
Business Advisors

**Independent Auditor's Report on Internal Control over  
Financial Reporting and On Compliance and Other Matters Based on  
an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**

Board of Directors  
Crawford-Sebastian  
Community Development Council, Inc.  
Fort Smith, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Crawford-Sebastian Community Development Council, Inc. (CSCDC), which comprise the statement of financial position as of September 30, 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 25, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CSCDC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CSCDC's internal control. Accordingly, we do not express an opinion on the effectiveness of CSCDC's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CSCDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

### **CSCDC's Response to Finding**

CSCDC's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. CSCDC's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hick & Company, PC*

Tulsa, Oklahoma  
April 25, 2022





**HINKLE &  
COMPANY**  
Strategic PC  
Business Advisors

**Independent Auditor's Report on Compliance for Each Major Federal Program; Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance***

Board of Directors  
Crawford-Sebastian  
Community Development Council, Inc.  
Fort Smith, Arkansas

**Report on Compliance for Each Major Federal Program**

We have audited Crawford-Sebastian Community Development Council, Inc.'s (CSCDC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of CSCDC's major federal programs for the year ended September 30, 2021. CSCDC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations and the terms and conditions applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of CSCDC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 CSCDC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the CSCDC's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, CSCDC 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 September 30, 2021.

### **Report on Internal Control Over Compliance**

Management CSCDC 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 the CSCDC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CSCDC's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of CSCDC as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise CDCDC's basic financial statements. We issued our report thereon dated April 25, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Hick & Company, PC*

Tulsa, Oklahoma  
April 25, 2022



**Crawford-Sebastian Community Development Council, Inc.**  
Schedule of Expenditures of Federal Awards  
September 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>FEDERAL PROGRAMS</b>				
<b>U.S. Department of Health and Human Services</b>				
<i>Arkansas Department of Human Services</i>				
Community Services Block Grant Low-Income Home Energy	93.569	CSBG-22-06	530,126	-
Assistance Program (LIHEAP) Low-Income Home Energy	93.568	2203ARLIEA/2022-AEO-06	1,234,793	-
Assistance Program (Weatherization)	93.568	2203ARLIEA/2022-AEO-06	<u>732,902</u>	-
			<u>2,497,821</u>	-
<b>U.S. Department of Agriculture</b>				
Rural Self-Help Housing Technical Assistance	10.420		201,352	-
<i>Arkansas Department of Human Services</i>				
Emergency Food Assistance Program (Food Commodities)	10.569	4600042063	2,623,235	2,623,235
Child and Adult Care Food Program	10.558	B9 & D113	538,384	-
Emergency Food Assistance Program (Admin)	10.568	4600042063	<u>15,903</u>	-
			<u>3,378,874</u>	<u>2,623,235</u>
<b>U.S. Department of Energy</b>				
<i>Arkansas Department of Human Services</i>				
Weatherization Assistance for Low-Income Persons	81.042		<u>590,914</u>	-
<b>U.S. Department of Housing &amp; Urban Development</b>				
Housing Counseling Assistance Program	14.169		12,016	-
<i>Arkansas Department of Human Services</i>				
Emergency Solutions Grant Program	14.231	4600045245	103,542	-
<i>City of Fort Smith</i>				
Community Development Block Grant (CDBG)	14.218	4107200003-70-KC	39,037	-
HOME Investment Partnership Program	14.239	B-21-MC-05-0003	<u>41,465</u>	-
			<u>196,060</u>	-
<b>U.S. Department of Treasury</b>				
<i>Neighborhood Reinvestment Corporation</i>				
NeighborWorks America	21.000	8514	278,131	-
<i>Arkansas Economic Development Commission</i>				
Coronavirus Relief Fund	21.019	CRF 202001	<u>327,746</u>	-
			<u>605,877</u>	-
<b>US Department of Homeland Security</b>				
Emergency Food and Shelter National Board Program	97.024		<u>334</u>	-
			<u>7,269,880</u>	<u>2,623,235</u>

# **Crawford-Sebastian Community Development Council, Inc.**

Notes to Schedule of Expenditures of Federal Awards

September 30, 2021

## **Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal awards activity of Crawford-Sebastian Community Development Council, Inc. (CSCDC) under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CSCDC, it is not intended to and does not present the financial position, changes in net position, or cash flows of CSCDC.

## **Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

## **Note 3: Indirect Cost Rate**

CSCDC has elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.





# Crawford-Sebastian Community Development Council, Inc.

Schedule of Findings and Questioned Costs

September 30, 2021

## **Findings Required to be Reported by Government Auditing Standards**

### **Finding 2021-001 - Internal Controls over Property and Equipment**

**Condition:** CSCDC improperly recognized the sale of an asset during the year ended September 30, 2021.

**Cause of Condition:** CSCDC did not remove the entire book value of the asset from its accounting information system after it was sold.

**Effect of Condition:** Property and equipment were overstated and beginning net assets in subsequent periods were overstated.

**Recommendation:** We recommend that CSCDC develops policies and procedures to ensure that amounts capitalized for property and equipment correlate to assets that are still under CSCDC's control.

**Management Response:** CSCDC agrees with the condition and the recommendation. Management plans to implement policies and procedures that includes a regular review of amounts capitalized for property and equipment and increased oversight over the recognition of sales of assets.

## **Findings Required to be Reported by Uniform Guidance**

No matters are reportable.

**Crawford-Sebastian Community Development Council, Inc.**

Summary of Prior Audit Findings

September 30, 2021

**Findings Required to be Reported by Government Auditing Standards**

No prior year matters are reportable.

**Findings Required to be Reported by Uniform Guidance**

No prior year matters are reportable.