



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B49198

STATE BOARD OF ACCOUNTS
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December 19, 2017

Board of Directors
Ohio Valley Opportunities, Inc
P.O. Box 625
Madison, IN 47250

We have reviewed the audit report prepared by Comer, Nowling, and Associates, P.C., for the period January 1, 2015 to December 31, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the *Report of Independent Auditors* the financial statements included in the report present fairly the financial condition Ohio Valley Opportunities, Inc., as of December 31, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Comer, Nowling, and Associates, P.C. prepared all required independent auditor's reports in accordance with generally auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**Ohio Valley
Opportunities, Inc. and
Subsidiary**

**Consolidated Financial Statements
For the Year Ended
December 31, 2015
(With Single Audit Section)**

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

**OHIO VALLEY OPPORTUNITIES, INC.
FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ohio Valley Opportunities, Inc.
Ms. Elaine Freeman, Executive Director

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Valley Opportunities, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements 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 audit. We did not audit the financial statements of SVC Apartments, L.P., which statements reflect total assets of \$2,197,156 as of December 31, 2015 and total support and revenues of \$170,456 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for SVC Apartments, L.P. is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Valley Opportunities, Inc. as of December 31, 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.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2016 on our consideration of Ohio Valley Opportunities, Inc.'s 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

May 31, 2016

OHIO VALLEY OPPORTUNITIES, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

CURRENT ASSETS:

Cash operating	\$ 125,608
Cash security deposits	12,450
Cash reserve for replacement	94,723
Cash operating reserve	26,600
Grants receivable	163,648
Accounts receivable	12,671
Inventory	1,157
Total current assets	<u>436,857</u>

LONG-TERM ASSETS

Property and equipment, net of accumulated depreciation	<u>5,909,343</u>
Total assets	<u><u>\$ 6,346,200</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 45,577
Accrued salaries and wages	47,251
Accrued vacation payable	66,231
Accrued interest payable	2,762
Accrued real estate taxes	23,030
Security deposits	13,925
Prepaid rent	4,657
Other accrued liabilities	18,901
Current portion of long-term debt	<u>47,888</u>
Total current liabilities	<u>270,222</u>

LONG-TERM LIABILITIES

Long-term debt, net of current portion	<u>1,438,621</u>
Total long-term liabilities	<u>1,438,621</u>
Total liabilities	<u>1,708,843</u>

NET ASSETS

Non-controlling interest in net assets - unrestricted	686,532
Controlling interest in net assets - unrestricted	<u>3,950,825</u>
Total net assets	<u>4,637,357</u>
Total liabilities and net assets	<u><u>\$ 6,346,200</u></u>

See accompanying notes to consolidated financial statements.

**OHIO VALLEY OPPORTUNITIES, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

REVENUE AND SUPPORT

Grant revenue	\$ 5,447,408
Food supply revenue	91,291
Local support	108,038
In-kind revenue	217,534
Rental income	309,757
Donations	24,684
Other income	9,084
Interest income	68,353
	<hr/>
Total revenue and support	6,276,149

OPERATING EXPENSES

Headstart	2,132,022
Community Services Block Grant	137,805
Section 8 Housing	1,299,108
Apple Blossom Court Apartments	12,536
Casa Amiga	37,288
Weatherzation	692,576
Energy Assistance	1,551,671
Subsidiaries	449,836
Other programs	197,818
	<hr/>
Total operating expenses	6,510,660

Increase (decrease) in net assets	(234,511)
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NET ASSETS, BEGINNING OF YEAR	<hr/> 4,769,609
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Non-controlling interest in subsidiary's earnings	(81,820)
Controlling interest in subsidiary's earnings	(152,699)
Prior period adjustment	102,267
	<hr/>

NET ASSETS, END OF YEAR	<hr/> \$ 4,637,357 <hr/>
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See accompanying notes to consolidated financial statements.

OHIO VALLEY OPPORTUNITIES, INC.
CONSOLIDATED STATEMENT OF FUNTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

OPERATING EXPENSES	<u>Head Start</u>	<u>Community Services Block Grant</u>	<u>Section 8 Housing</u>	<u>Apple Blossom Court Apartments</u>	<u>Casa Amiga</u>
Salaries and wages	\$1,010,943	\$ 92,984	\$ 70,667	\$ 306	\$ 10,063
Employee benefits	337,182	16,803	30,288	111	1,117
Occupancy	85,205	1,435	2,504	9,612	4,200
Telephone	25,170	2,239	3,980	-	1,574
Postage	1,133	62	2,534	46	10
Contracted Services	23,166	5,546	1,180,163	118	1,775
Materials and Supplies	126,618	5,978	4,440	-	11,852
Travel and transportation	75,004	106	1,271	4	-
Training	46,579	1,748	1,078	-	123
Other costs	56,183	10,364	1,583	2,339	406
Specific Assistance	90,081	-	-	-	6,168
Interest Expense	111	1	2	-	-
Bad Debt	-	-	-	-	-
Depreciation	37,113	539	598	-	-
In-kind expenses	217,534	-	-	-	-
Total operating expenses	<u>\$2,132,022</u>	<u>\$ 137,805</u>	<u>\$1,299,108</u>	<u>\$ 12,536</u>	<u>\$ 37,288</u>

See accompanying notes to consolidated financial statements.

Weatherzation	Energy Assistance	SVCA, L.P.	Valley Court Apartments of North Vernon	Other	2015 Total
\$ 161,902	\$ 124,667	\$ 37,533	\$ 28,507	\$ 163	\$ 1,537,735
54,441	43,942	-	2,869	(3,233)	483,520
13,343	14,409	15,564	17,066	1,867	165,205
4,211	4,411	-	2,102	87	43,774
352	5,459	-	-	-	9,596
412,437	22,951	-	20,599	760	1,667,515
16,815	37,992	-	14,468	864	219,027
1,222	534	-	-	-	78,141
5,768	3,575	-	199	389	59,459
20,559	18,406	61,570	24,253	280	195,943
-	1,273,112	-	-	186	1,369,547
6	6	61,356	50,362	17,352	129,196
-	-	-	2,492	-	2,492
1,520	2,207	76,261	34,635	179,103	331,976
-	-	-	-	-	217,534
<u>\$ 692,576</u>	<u>\$ 1,551,671</u>	<u>\$ 252,284</u>	<u>\$ 197,552</u>	<u>\$ 197,818</u>	<u>\$ 6,510,660</u>

OHIO VALLEY OPPORTUNITIES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (decrease) in net assets	\$ (234,511)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:	
Prior Period Adjustment	102,267
Depreciation	289,999
Bad debt	2,492
Increase (decrease) in cash from changes in:	
Operating Reserve	(10)
Grants receivable	26,637
Accounts receivable	(2,284)
Security Deposits - asset	(199)
Prepaid expenses	119,260
Accounts payable and accrued expenses	(169,015)
Security Deposits - liability	590
Prepaid rent	3,397
Other accrued liabilities	6,890
Due to funding source	-
	145,513
Net cash provided by (used in) operating activities	145,513

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of fixed assets	(87,415)
Withdrawal from operating reserve	-
Withdrawal from replacement reserve	20,932
Deposits and interest retained in reserve for replacement	(16,028)
	(82,511)
Net cash provided by (used in) investing activities	(82,511)

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments against mortgage	(40,931)
Principal payments against capital lease	-
Principal payments on long-term debt	(5,663)
	(46,594)
Net cash provided by (used in) financing activities	(46,594)

**NET INCREASE (DECREASE) IN CASH
AND CASH EQUIVALENTS**

16,408

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

109,200

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 125,608

See accompanying notes to consolidated financial

OHIO VALLEY OPPORTUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Ohio Valley Opportunities, Inc. (the “Organization”), who owns Valley Court Apartments of North Vernon, and its wholly-owned subsidiary, SVC Apartments, Inc. SVC Apartments, L.P. serves as the general partner for SVC Apartments, Inc. SVC Apartments, Inc. is a C Corporation, which has ownership interests in SVC Apartments L.P. SVC Apartments, Inc. has 100 shares of common stock which are wholly owned by the Organization with a par value of \$1 per share. In accordance with FASB ASC 958-810-15-4, consolidation is required for each of the previously mentioned entities and all material intercompany transactions have been eliminated in the consolidation.

NATURE OF OPERATIONS

Ohio Valley Opportunities, Inc. (the “Organization”), is a not-for-profit corporation which administers various programs substantially funded by the Federal government and the State of Indiana. These funds are used to provide for the planning and development of programs that intervene at critical points in poverty that will enable families and individuals to become more self-sufficient. The grants that the Organization administers to accomplish this purpose primarily are Energy Assistance, Weatherization, Section 8 Housing, Community Services Block Grant, and Head Start.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

OHIO VALLEY OPPORTUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

FINANCIAL STATEMENT PRESENTATION – (continued)

Temporarily restricted net assets also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors.

Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization did not have any temporarily or permanently restricted net assets as of December 31, 2015.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. With few exceptions, the Organization is no longer subject to examination by taxing authorities for the years before 2012.

REVENUE RECOGNITION

The Organization receives grants from Federal agencies as well as from the State of Indiana (State) to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals and/or expenses incurred. Revenues under the contracts are recognized as the services are provided and/or expenses incurred.

ACCOUNTS RECEIVABLE

Grant and other receivables are amounts due from various governmental and state funding sources and other customers. The allowance for doubtful accounts balance was \$-0- as of December 31, 2015.

INVENTORY

Materials and supplies purchased throughout the year are charged to expense as the cost is incurred. Any items remaining on hand at year end are recognized as inventory in the financial statements at their actual cost.

OHIO VALLEY OPPORTUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES – (continued)**

PROPERTY AND EQUIPMENT

The Organization follows the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided using the straight-line method over estimated useful lives. The following is a summary of the lives for each class of asset:

Building and improvements	5 - 40 years
Equipment and vehicles	5 years

When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred.

ACCOUNTING FOR IMPAIRMENT

Accounting for the Impairment or Disposal of Long-Lived Assets guidance, requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This guidance has not materially affected the Organization's net change in unrestricted net assets, statement of financial position or statement of cash flows.

USE OF ESTIMATES

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. For the year ended December 31, 2015, the Organization did not have cash equivalents.

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

OHIO VALLEY OPPORTUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

CONTRIBUTED SERVICES – (continued)

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services that require specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

ADVERTISING

The Entities expense advertising costs as incurred. Total advertising costs for the year ended December 31, 2015 were approximately \$9,484.

RECLASSIFICATION

Certain prior year financial information has been reclassified to conform to the current year presentation.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 31, 2016, which is the date the financial statements were available to be issued.

GOVERNMENT GRANTS

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as funds are received. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected as refundable advances on the statements of financial position.

NOTE 2 – PROPERTY AND EQUIPMENT

The Organization's property and equipment are as follows at December 31, 2015:

Land	\$ 603,122
Building and improvements	4,514,898
Equipment and vehicles	<u>774,224</u>
	5,892,244
Accumulated depreciation	<u>(2,064,601)</u>
	<u><u>\$ 3,827,643</u></u>

OHIO VALLEY OPPORTUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 – PROPERTY AND EQUIPMENT – (continued)

The Subsidiaries' property and equipment are as follows at December 31, 2015:

Land	\$ 50,129
Building and improvements	2,810,064
Equipment and vehicles	<u>89,408</u>
	2,949,601
Accumulated depreciation	<u>(867,901)</u>
	<u>\$ 2,081,700</u>

Depreciation expense was \$331,976 for the year ended December 31, 2015.

NOTE 3 – GRANTS RECEIVABLE

The Organization's grant receivables consisted of the following as of December 31, 2015:

Federal Programs (Direct and pass-through)	\$ 152,386
State and Local Programs	<u>11,262</u>
Total	<u>\$ 163,648</u>

OHIO VALLEY OPPORTUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 4 – LONG TERM DEBT

As of December 31, 2015, the Organization’s long term debt consisted of the following:

Mortgage payable to Rural Housing Service, payable in monthly installments of \$638, including interest at 6.875% adjusted to approximately 1% through subsidy allowance by Rural Housing Service and a balloon payment, maturing March 2031, secured by the apartment complex located in North Vernon, Indiana.	\$ 283,368
Mortgage payable to Rural Housing Service, payable in monthly installments of \$933, including interest at 7.375% adjusted to approximately 1% through subsidy allowance by Rural Housing Service and a balloon payment, due September 2031, secured by the apartment complex located in North Vernon, Indiana.	416,424
Note payable to Scott County Bank, payable in monthly installments of \$2,310, including interest at 4.5%, maturing September 10, 2031, secured by separate real estate.	311,853
Capital lease obligation with Daimler Truck Financail, payable in monthly installments of \$2,677, including interest at 6.49%, maturing February 22, 2021, secured by two vehicles.	140,631
Mortgage payable to First Financial Bank, payable in monthly installments of \$2,752 including interest at 8%, maturing April 2026, secured by certain real estate investments.	334,233
Sub-total	1,486,509
Less: current portion	47,888
Long-term debt	<u>\$ 1,438,621</u>

OHIO VALLEY OPPORTUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 4 – LONG-TERM DEBT -- (continued)

Interest expense amounted to \$17,478 for the year ended December 31, 2015. Maturities of long-term debt for the next five years and thereafter are as follows:

2016	\$ 47,888
2017	50,924
2018	54,162
2019	57,613
2020	61,293
Thereafter	1,214,629
Total	\$ 1,486,509

NOTE 5 – RESTRICTED CASH

Reserve for Replacement

Under a regulatory agreement, the Entities are required to set aside amounts for the replacement of property and other expenditures as approved by HUD for certain HUD funded projects. These restricted deposits are held in a separate account and generally are not available for operating purposes. The balance in the reserve for replacement totaled \$94,723 at December 31, 2015.

Operating Reserves

The operating reserve held by SVCA, L.P. was originally funded in an amount equal to \$62,000. The operating reserve is to be maintained through the tax credit compliance period. The balance in the operating reserve account was \$26,600 at December 31, 2015.

NOTE 6 – NOTES RECEIVABLE FROM RELATED PARTIES

Notes receivable as of December 31, 2015 are as follows:

Note 1 - AHP	\$ 280,000
Note 2 - HOME	400,000
	680,000
Less: current portion	-
Notes receivable - related parties	680,000
Elimination of interfund receivable	(680,000)
Total notes receivable	\$ -

OHIO VALLEY OPPORTUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 – NOTES RECEIVABLE FROM RELATED PARTIES – (continued)

Note 1 – AHP

OVO provided \$280,000 to SVCA, L.P. on July 27, 2005 under the Affordable Housing Program (AHP). The note required interest to be accrued at a rate of 5% per annum, compounded annually. Accrued interest is to be paid annually to the extent of available cash flow, as defined in the agreement. Accrued interest at December 31, 2015 was \$143,507. The note is due December 31, 2035. This note balance has been eliminated in consolidation.

Note 2 – HOME

OVO provided \$395,000 to SVCA, L.P. during 2005 and an additional \$5,000 during 2006, under the Home Investment Partnership Program (HOME). The note requires interest to be accrued at the rate of 5% per annum, compounded annually. Accrued interest is to be paid annually to the extent of available cash flow, as defined in the agreement. Accrued interest at December 31, 2015 was \$204,840. The note is due June 30, 2026. This note balance has been eliminated in consolidation.

NOTE 8 – CONCENTRATIONS

Approximately 93% of the Organization's support and revenue for the year ended December 31, 2015 was provided by federal grants.

NOTE 9 – IN-KIND CONTRIBUTIONS

The Organization has recorded in-kind contributions for professional services on the Statement of Activities as required per the FASB Accounting Standards Codification for *Accounting for Contributions Received and Contributions Made*. This standard requires that only contributions of services received that create or enhance non-financial assets or require specialized skill and would typically need to be purchased if not provided by donation be recorded. The requirements of the FASB standard are different from the in-kind requirements of the Organization's grant funding sources.

OHIO VALLEY OPPORTUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 9 – IN-KIND CONTRIBUTIONS -- (continued)

The table below details the in-kind contributions for the year ended December 31, 2015:

Headstart in-kind:	
Professional services	\$ 23,687
Facilities	139,160
Mileage	10,619
Donations	<u>44,068</u>
Total in-kind reported in financial statements	217,534
Headstart volunteer services	<u>169,162</u>
Total in-kind for all programs	<u><u>\$ 386,696</u></u>

NOTE 10 – DEVELOPMENT FEE RECEIVABLE

In a prior year, OVO earned a development fee of \$410,000 for its services in connection with the development of the SVCA, L.P. project. OVO received \$303,375 as of December 31, 2015. The remaining \$106,425 is recorded as a receivable at December 31, 2015. Management believes that the entire amount will be collected and therefore, no allowance has been recorded. This receivable has been eliminated in consolidation.

NOTE 11 – EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 12 – CONCENTRATION OF CREDIT RISK

The Organization’s cash and cash equivalents are on deposit with one financial institution having branches in the local area. Each account is insured by the FDIC for up to \$250,000 for the year ended December 31, 2015. At various times throughout the year, the Organization may have maintained balances in excess of the insured limits. The Organization’s uninsured balance was \$-0- at December 31, 2015.

**OHIO VALLEY OPPORTUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 13 – CONTINGENT OBLIGATION

In prior years, OVO received funds from the Indiana Housing and Finance Authority totaling \$400,000. These proceeds were reflected in the consolidated Statement of Activities as grant revenue in the year the funds were received. However, OVO is required to fulfill certain requirements and maintain the operations of an apartment complex through June 2026; otherwise, these funds may be required to be repaid. It is management’s intent to comply with the provisions of this agreement.

NOTE 14 – PENSION PLAN

OVO has a defined contribution retirement plan covering all of its employees who meet certain guidelines as to age and years of service. Under the Plan, OVO contributes approximately 5% of the employees’ wages. The amount contributed to the Plan by OVO was approximately \$36,055 for the year ended December 31, 2015.

NOTE 15 – GUARANTEED INDEBTEDNESS OF RELATED PARTY

OVO is contingently liable for operating deficits of SVCA, L.P. However, the total exposure for OVO is not to exceed \$45,000. At December 31, 2015, management believes no material loss is anticipated.

NOTE 16 – PRIOR PERIOD ADJUSTMENT

During the current year, it was determined by management that several asset and liability accounts were incorrectly reported in the prior year financial statements. Prior Period Adjustments to correct these errors were made by management resulting in an increase in Net Assets of \$102,166. The accounts and related adjustments are as follows:

<u>Accounts</u>	<u>Adjustment to Net Assets</u>
Accounts receivable	\$ 12,504
Accumulated depreciation	61,220
Accounts payable	35,844
Long-term debt	<u>(7,301)</u>
Total	<u>\$ 102,267</u>

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Ohio Valley Opportunities, Inc. and Subsidiaries
Madison, Indiana

Our report on our audit of the consolidated financial statements of Ohio Valley Opportunities, Inc. and Subsidiary as of December 31, 2015, and for the year then ended appears on page one. That audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information (shown on pages 21 through 26) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

Comer, Nowling And Associates, P. C.

Comer, Nowling And Associates, P.C.
May 31, 2016

OHIO VALLEY OPPORTUNITIES, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS	Parent		
	<u>OVO, Inc.</u>	<u>Valley Court</u>	<u>Total</u>
CURRENT ASSETS			
Cash operating	\$ 104,604	\$ 3,947	\$ 108,551
Cash security deposits	-	5,850	5,850
Cash reserve for replacement	-	30,119	30,119
Cash operating reserve	-	-	-
Grants receivable	163,648	-	163,648
Accounts receivable	10,213	1,863	12,076
Inventory	1,157	-	1,157
Prepaid expenses	-	-	-
Total current assets	<u>279,622</u>	<u>41,779</u>	<u>321,401</u>
LONG-TERM ASSETS			
Property plant and equipment - net	2,477,175	1,350,468	3,827,643
Interest receivable	348,347	-	348,347
Investment in related parties	92	-	92
Notes receivable	680,000	-	680,000
Development fee receivable	106,425	-	106,425
Total long-term assets	<u>3,612,039</u>	<u>1,350,468</u>	<u>4,962,507</u>
Total assets	<u>\$ 3,891,661</u>	<u>\$ 1,392,247</u>	<u>\$ 5,283,908</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 36,264	\$ 3,300	\$ 39,564
Accrued salaries and wages	47,251	-	47,251
Accrued vacation payable	66,231	-	66,231
Accrued interest payable	-	1,362	1,362
Accrued real estate taxes	-	-	-
Security deposits	1,675	5,650	7,325
Prepaid rent	-	173	173
Developer fees payable	-	-	-
Other current liabilities	18,901	-	18,901
Current portion of long-term liabilities	37,688	4,646	42,334
Total current liabilities	<u>208,010</u>	<u>15,131</u>	<u>223,141</u>
LONG-TERM LIABILITIES			
Long-term debt net of current portion	414,796	695,146	1,109,942
Total liabilities	<u>622,806</u>	<u>710,277</u>	<u>1,333,083</u>
NET ASSETS			
Non-controlling interest in net assets - unrestricted	-	-	-
Controlling interest in net assets - unrestricted	3,268,855	681,970	3,950,825
Total net assets	<u>3,268,855</u>	<u>681,970</u>	<u>3,950,825</u>
Total liabilities and net assets	<u>\$ 3,891,661</u>	<u>\$ 1,392,247</u>	<u>\$ 5,283,908</u>

See independent auditor's report on supplementary information.

<u>Subsidiaries</u>				
<u>SVC</u>	<u>SVC</u>			<u>Consolidated</u>
<u>Apartments, Inc.</u>	<u>Apartments, L.P</u>	<u>Eliminations</u>		<u>Total</u>
\$ -	\$ 17,057	\$ -		\$ 125,608
-	6,600	-		12,450
-	64,604	-		94,723
-	26,600	-		26,600
-	-	-		163,648
-	595	-		12,671
-	-	-		1,157
-	-	-		-
-	115,456	-		436,857
-	2,081,700	-		5,909,343
-	-	(348,347)		-
92	-	(184)		-
-	-	(680,000)		-
-	-	(106,425)		-
92	2,081,700	(1,134,956)		5,909,343
\$ 92	\$ 2,197,156	\$ (1,134,956)		\$ 6,346,200
\$ -	\$ 6,013	\$ -		\$ 45,577
-	-	-		47,251
-	-	-		66,231
-	349,747	(348,347)		2,762
-	23,030	-		23,030
-	6,600	-		13,925
-	4,484	-		4,657
-	106,425	(106,425)		-
-	-	-		18,901
-	5,554	-		47,888
-	501,853	(454,772)		270,222
-	1,008,679	(680,000)		1,438,621
-	1,510,532	(1,134,772)		1,708,843
-	686,532	-		686,532
92	92	(184)		3,950,825
92	686,624	(184)		4,637,357
\$ 92	\$ 2,197,156	\$ (1,134,956)		\$ 6,346,200

OHIO VALLEY OPPORTUNITIES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Parent		
	<u>OVO, Inc.</u>	<u>Valley Court</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Grant revenue	\$ 5,447,408	\$ -	\$ 5,447,408
Food supply revenue	91,291	-	91,291
Local support	108,038	-	108,038
In-kind revenue	217,534	-	217,534
Rental income	13,085	126,842	139,927
Earnings (loss) from subsidiary	(8)	-	(8)
Donations	24,684	-	24,684
Other income	3,067	5,422	8,489
Interest income	34,000	34,322	68,322
	<u>5,939,099</u>	<u>166,586</u>	<u>6,105,685</u>
OPERATING EXPENSES			
Headstart	2,132,022	-	2,132,022
Community Services Block Grant	137,805	-	137,805
Section 8 Housing	1,299,108	-	1,299,108
Apple Blossom Court Apartments	12,536	-	12,536
Casa Amiga	37,288	-	37,288
Weatherzation	692,576	-	692,576
Energy Assistance	1,551,671	-	1,551,671
Subsidiaries	-	197,552	197,552
Other Programs	197,818	-	197,818
	<u>6,060,824</u>	<u>197,552</u>	<u>6,258,376</u>
Net increase (decrease) in net assets	(121,725)	(30,966)	(152,691)
NET ASSETS, BEGINNING OF YEAR	<u>3,288,313</u>	<u>712,936</u>	<u>4,001,249</u>
Non-controlling interest in subsidiary's earnings	-	-	-
Controlling interest in subsidiary's earnings	(121,725)	(30,966)	(152,691)
Prior period adjustment	102,267	-	102,267
NET ASSETS AT END OF YEAR	<u>\$ 3,268,855</u>	<u>\$ 681,970</u>	<u>\$ 3,950,825</u>

See independent auditor's report on supplementary information.

Subsidiaries				
SVC	SVC			Consolidated
<u>Apartments, Inc.</u>	<u>Apartments, L.P</u>	<u>Eliminations</u>		<u>Total</u>
\$ -	\$ -	\$ -		\$ 5,447,408
-	-	-		91,291
-	-	-		108,038
-	-	-		217,534
-	169,830	-		309,757
(8)	-	16		-
-	-	-		24,684
-	595	-		9,084
-	31	-		68,353
(8)	170,456	16		6,276,149
-	-	-		2,132,022
-	-	-		137,805
-	-	-		1,299,108
-	-	-		12,536
-	-	-		37,288
-	-	-		692,576
-	-	-		1,551,671
-	252,284	-		449,836
-	-	-		197,818
-	252,284	-		6,510,660
(8)	(81,828)	16		(234,511)
100	768,452	(192)		4,769,609
-	(81,820)	-		(81,820)
(8)	(8)	8		(152,699)
-	-	-		102,267
\$ 92	\$ 686,624	\$ (184)		\$ 4,637,357

OHIO VALLEY OPPORTUNITIES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Parent		
	Valley		
	OVO, Inc.	Court	
		Total	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Increase (decrease) in net assets	\$(121,725)	\$(30,966)	\$(152,691)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:			
Prior period adjustment	102,267	-	102,267
Depreciation	179,103	34,635	213,738
Bad debt	-	2,492	2,492
Earnings (loss) from subsidiary	8	-	8
Increase (decrease) in cash from changes in:			
Operating Reserve	-	-	-
Escrows	-	-	-
Grants receivable	26,637	-	26,637
Interest Receivable	(34,000)	-	(34,000)
Accounts receivable	39	(3,145)	(3,106)
Security Deposits - asset	-	(200)	(200)
Prepaid expenses	119,260	-	119,260
Accounts payable	(104,431)	749	(103,682)
Accrued expenses	(49,938)	-	(49,938)
Security Deposits - liability	790	(200)	590
Prepaid rent	-	(1,057)	(1,057)
Other accrued liabilities	6,890	-	6,890
	124,900	2,308	127,208
Net cash provided by (used in) operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets	(87,415)	-	(87,415)
Withdrawal from replacement reserve	-	12,162	12,162
Deposits and interest retained in reserve for replacement	-	(8,021)	(8,021)
	(87,415)	4,141	(83,274)
Net cash provided by (used in) investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments against mortgage	(36,605)	(4,326)	(40,931)
Principal payments on long-term debt	-	-	-
	(36,605)	(4,326)	(40,931)
Net cash provided by (used in) financing activities			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	880	2,123	3,003
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	103,724	1,824	105,548
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 104,604	\$ 3,947	\$ 108,551
Supplemental disclosures of Cash Flow Information			
Cash paid during the year for interest	17,478	\$ 16,040	\$ -
Cash paid during the year for interest subsidy	\$ -	\$ 34,322	\$ -

See independent auditor's report on supplementary information.

Subsidiaries				Consolidated Total
SVC Apartments, Inc.	SVC Apartments, L.P	Eliminations		
\$ (8)	\$ (81,828)	\$ 16	\$ (234,511)	
-	-	-	102,267	
-	76,261	-	289,999	
-	-	-	2,492	
8	-	(16)	-	
-	(10)	-	(10)	
-	(3,935)	3,935	-	
-	-	-	26,637	
-	-	34,000	-	
-	822	-	(2,284)	
-	1	-	(199)	
-	-	-	119,260	
-	(9,139)	-	(112,821)	
-	27,744	(34,000)	(56,194)	
-	-	-	590	
-	4,454	-	3,397	
-	-	-	6,890	
-	14,370	3,935	145,513	
-	-	-	(87,415)	
-	12,705	(3,935)	20,932	
-	(8,007)	-	(16,028)	
-	4,698	(3,935)	(82,511)	
-	-	-	(40,931)	
-	(5,663)	-	(5,663)	
-	(5,663)	-	(46,594)	
-	13,405	-	16,408	
-	3,652	-	109,200	
\$ -	\$ 17,057	\$ -	\$ 125,608	
\$ -	\$ 27,356	\$ -	\$ 60,874	
\$ -	\$ -	\$ -	\$ 34,322	

SINGLE AUDIT SECTION

OHIO VALLEY OPPORTUNITIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Direct Program:			
Head Start	93.600	05CH4142/48	\$ 1,470,301
Head Start	93.600	05CH10102	<u>343,331</u>
			1,813,632
Passed through the Indiana Housing and Community Development Authority:			
Community Services Block Grant	93.569	CS-015-019	<u>136,901</u>
Energy Assistance Program	93.568	LI-015-019	
Energy Assistance Program	93.568	LI-016-019	
Energy Assistance Program	93.568	IR-015-019	
Energy Assistance Program	93.568	IR-016-019	<u>1,521,934</u>
LIHEAP Weatherization	93.568	WL-015-019	
LIHEAP Weatherization	93.568	WL-016-019	
LIHEAP Weatherization	93.568	WS-015-019	
LIHEAP Weatherization	93.568	WS-016-019	<u>487,398</u>
			<u>2,146,233</u>
U.S. Department of Energy			
Passed through the Indiana Housing and Community Development Authority:			
Weatherization Assistance for Low-Income Persons	81.042	WX-015-019	
Weatherization Assistance for Low-Income Persons	81.042	WX-016-019	<u>229,326</u>
U.S. Department of Agriculture			
Passed through the Indiana Department of Education			
Child and Adult Care Food Program	10.558	139-0058	<u>84,805</u>
U.S. Department of Housing and Urban Development			
Passed through the Indiana Department of Education			
Section 8 Housing	14.871		<u>1,295,079</u>
Total Expenditures of Federal Awards			<u>\$ 5,569,075</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

OHIO VALLEY OPPORTUNITIES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Ohio Valley Opportunities, Inc. and is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 – Energy Assistance Payments

The Energy Assistance Payments expenditures under CFDA Number 93.568 include \$1,257,569 of energy assistance payments that were disbursed by the Indiana Housing and Community Development Authority on behalf of the Organization during the year ended December 31, 2015.

**OHIO VALLEY OPPORTUNITIES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Section II –Financial Statement Findings

There were no financial statement findings for the year ended December 31, 2014.

Section III –Federal Awards Findings and Questioned Costs

There were no federal awards findings for the year ended December 31, 2014.

**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***

To the Board of Directors
Ohio Valley Opportunities, Inc.
Madison, Indiana

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 Ohio Valley Opportunities, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 31, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ohio Valley Opportunities, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ohio Valley Opportunities, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

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

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

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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
May 31, 2016

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

To the Board of Directors
Ohio Valley Opportunities, Inc.
Bloomington, Indiana

Report on Compliance for Each Major Federal Program

We have audited Ohio Valley Opportunities, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ohio Valley Opportunities, Inc.'s major federal programs for the year ended December 31, 2015. Ohio Valley Opportunities, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ohio Valley Opportunities, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (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 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 Ohio Valley Opportunities, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Ohio Valley Opportunities, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
May 31, 2016

**OHIO VALLEY OPPORTUNITIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? Yes No

• Significant deficiencies identified? Yes No

Type of auditor’s report issued: Unmodified

Any audit findings disclosed required to be reported in
Accordance with 2 CFR section 200.516(a) Yes No

Program tested as major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	U.S. Dept. of Health and Human Services – Head Start
93.568	U.S. Dept. of Health and Human Services – Low-income Home Energy Assistance
93.569	U.S. Dept. of Health and Human Services – Community Services Block Grant
14.871	U.S. Dept. of Housing and Urban Development - Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? Yes No

OHIO VALLEY OPPORTUNITIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

Section II – Financial Statement Findings

There were no financial statement findings for the year ended December 31, 2015.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended December 31, 2015.