B49774

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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April 2, 2018

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

We have reviewed the report prepared by Ohio Valley Opportunities, Inc. and opined upon by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Ohio Valley Opportunities, Inc. as of December 31, 2016 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, PC prepared all required independent auditor's reports in accordance with generally accepted 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 Subsidiaries

Consolidated Financial Statements
For the Years Ended
December 31, 2016 and 2015
(With Single Audit Section)

COMER NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

OHIO VALLEY OPPORTUNITIES, INC. AND SUBSIDIARIES
FINANCIAL STATEMENTS

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT……..1

FINANCIAL STATEMENTS

Consolidated Statements of Financial Position.....3

Consolidated Statements of Activities.....4

Consolidated Statements of Functional Expenses.....5

Consolidated Statements of Cash Flows.....9

Notes to Consolidated Financial Statements.....10

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Supplementary Information.....20

Consolidating Statements of Financial Position.....21

Consolidating Statements of Activities.....25

Consolidating Statements of Cash Flows.....29

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards.....33

Notes to Schedule of Expenditures of Federal Awards.....34

Summary Schedule of Prior Audit Findings.....35

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*.....36

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the *Uniform Guidance*.....38

Schedule of Findings and Questioned Costs.....40

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INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Valley Opportunities, Inc. and Subsidiaries (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of SVC Apartments, L.P., which statements reflect total assets of $2,170,127 and $2,197,156 as of December 31, 2016 and 2015, respectively, and total support and revenues of $177,540 and $170,456 for the years then ended, respectively. We did not audit the financial statements of Valley Court Apartments of North Vernon, which statements reflect total assets of $1,357,485 and $1,392,247 as of December 31, 2016 and 2015, respectively, and total support and revenue of $161,495 and $166,586, for the years then ended, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for SVC Apartments, L.P. and Valley Court Apartments at North Vernon are based solely on the reports 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. and Subsidiaries as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 19, 2017 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 19, 2017

OHIO VALLEY OPPORTUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
CURRENT ASSETS:		
Cash operating	$ 73,031	$ 125,608
Cash security deposits	12,400	12,450
Cash reserve for replacement and escrows	108,383	94,723
Cash operating reserve	26,608	26,600
Grants receivable	230,257	163,648
Accounts receivable	29,069	12,671
Inventory	1,157	1,157
Total current assets	480,905	436,857
LONG-TERM ASSETS		
Property and equipment, net of accumulated depreciation	5,661,961	5,909,343
Total assets	$ 6,142,866	$ 6,346,200

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	$ 92,572	$ 45,577
Accrued salaries and wages	63,466	47,251
Accrued vacation payable	55,419	66,231
Accrued interest payable	2,681	2,762
Accrued real estate taxes	20,872	23,030
Security deposits	14,075	13,925
Prepaid rent	364	4,657
Other accrued liabilities	13,522	18,901
Current portion of long-term debt	50,924	47,888
Total current liabilities	313,895	270,222
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	1,387,470	1,438,621
Total long-term liabilities	1,387,470	1,438,621
Total liabilities	1,701,365	1,708,843
NET ASSETS		
Non-controlling interest in net assets - unrestricted	596,106	686,532
Controlling interest in net assets - unrestricted	3,845,395	3,950,825
Total net assets	4,441,501	4,637,357
Total liabilities and net assets	$ 6,142,866	$ 6,346,200

See accompanying notes to consolidated financial statements.

OHIO VALLEY OPPORTUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
REVENUE AND SUPPORT		
Grant revenue	$ 5,636,409	$ 5,447,408
Food supply revenue	111,122	91,291
Local support	55,296	66,061
In-kind revenue	294,556	217,534
Rental income	310,499	309,757
Donations	40,162	24,684
Other income	4,778	9,084
Interest income	66,594	68,353
Total revenue and support	6,519,416	6,234,172
OPERATING EXPENSES		
Headstart	2,330,130	2,236,400
Community Services Block Grant	212,115	140,848
Section 8 Housing	1,361,672	1,303,883
Apple Blossom Court Apartments	7,483	12,536
Casa Amiga	22,523	37,288
Weatherzation	683,737	710,758
Energy Assistance	1,589,206	1,558,419
Subsidiaries	465,275	449,836
Other programs	43,131	18,715
Total operating expenses	6,715,272	6,468,683
Increase (decrease) in net assets	(195,856)	(234,511)
NET ASSETS, BEGINNING OF YEAR	4,637,357	4,769,609
Non-controlling interest in subsidiary's earnings	(90,426)	(81,820)
Controlling interest in subsidiary's earnings	(105,430)	(152,699)
Prior period adjustment	-	102,267
NET ASSETS, END OF YEAR	$ 4,441,501	$ 4,637,357

See accompanying notes to consolidated financial statements.

OHIO VALLEY OPPORTUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Head Start	Community Services Block Grant	Section 8 Housing	Apple Blossom Court Apartments	Casa Amiga
OPERATING EXPENSES					
Salaries and wages	$ 1,104,037	$ 171,940	$ 77,036	$ -	$ 12,258
Employee benefits	343,115	18,128	28,155	-	1,375
Occupancy	82,544	681	1,440	2,229	3,957
Telephone	19,834	1,747	2,545	-	1,693
Postage	1,887	93	2,127	30	3
Contracted Services	21,116	4,449	1,228,241	-	1,261
Materials and Supplies	80,723	6,619	11,657	3	1,608
Travel and transportation	60,440	131	275	-	-
Training	63,678	3,964	1,266	-	25
Other costs	31,840	1,996	3,903	5,221	343
Specific Assistance	101,460	-	-	-	-
Interest Expense	10	-	-	-	-
Bad Debt	-	-	-	-	-
Depreciation	124,890	2,367	5,027	-	-
In-kind expenses	294,556	-	-	-	-
Total operating expenses	$ 2,330,130	$ 212,115	$ 1,361,672	$ 7,483	$ 22,523

See accompanying notes to consolidated financial statements.

Weatherzation	Energy Assistance	SVCA, L.P.	Valley Court Apartments of North Vernon	Other	2016 Total
$ 116,147	$ 104,757	$ 38,205	$ 39,672	$ 929	$ 1,664,981
61,575	37,534	-	-	-	489,882
11,173	4,342	15,255	21,142	1,259	144,022
3,531	3,005	-	2,376	54	34,785
542	4,408	-	-	-	9,090
399,345	6,010	-	18,358	12,067	1,690,847
48,282	16,687	37,381	6,238	7,019	216,217
395	427	-	384	1,859	63,911
6,535	5,310	-	-	1,385	82,163
18,070	3,214	39,996	27,420	4,129	136,132
-	1,395,637	-	-	-	1,497,097
-	-	60,877	46,777	14,430	122,094
-	-	-	298	-	298
18,142	7,875	76,261	34,635	-	269,197
-	-	-	-	-	294,556
$ 683,737	$ 1,589,206	$ 267,975	$ 197,300	$ 43,131	$ 6,715,272

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

	Head Start	Community Services Block Grant	Section 8 Housing	Apple Blossom Court Apartments	Casa Amiga
OPERATING EXPENSES					
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	141,491	3,582	5,373	-	-
In-kind expenses	217,534	-	-	-	-
Total operating expenses	$2,236,400	$ 140,848	$ 1,303,883	$ 12,536	$ 37,288

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
19,702	8,955	76,261	34,635	-	289,999
-	-	-	-	-	217,534
$ 710,758	$ 1,558,419	$ 252,284	$ 197,552	$ 18,715	$ 6,468,683

OHIO VALLEY OPPORTUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ (195,856)	$ (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	269,197	289,999
Bad debt	298	2,492
Increase (decrease) in cash from changes in:		
Operating Reserve	(8)	(10)
Grants receivable	(66,609)	26,637
Accounts receivable	(16,696)	(2,284)
Security Deposits - asset	50	(199)
Prepaid expenses	-	119,260
Accounts payable and accrued expenses	50,159	(169,015)
Security Deposits - liability	150	590
Prepaid rent	(4,293)	3,397
Other accrued liabilities	(5,379)	6,890
Net cash provided by (used in) operating activities	31,013	145,513
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(21,815)	(87,415)
Withdrawl from replacement reserve	8,280	20,932
Deposits and interest retained in reserve for replacement	(21,940)	(16,028)
Net cash provided by (used in) investing activities	(35,475)	(82,511)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments against mortgage	(42,053)	(40,931)
Principal payments on long-term debt	(6,062)	(5,663)
Net cash provided by (used in) financing activites	(48,115)	(46,594)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(52,577)	16,408
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	125,608	109,200
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 73,031	$ 125,608
Supplemental disclosures of Cash Flow Information		
Cash paid during the year for interest	$ 55,612	$ 60,874
Cash paid during the year for interest subisidy	$ 32,562	$ 34,322

See accompanying notes to consolidated financial statements.

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. which serves as the general partner for SVC Apartments, L.P. 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.

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, 2016 and 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 2013.

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.

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

CASH AND CASH EQUIVALENTS

For purposes of the statements 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 years ended December 31, 2016 and 2015, the Organization did not have cash equivalents.

ACCOUNTS RECEIVABLE

Grant and other receivables are amounts due from various governmental and state funding sources and other customers. There is no allowance for doubtful accounts balance as of December 31, 2016 and 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.

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.

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.

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.

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

ALLOCATION OF COST

The Organization allocates joint costs to beneficiary programs based on various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, which cannot be readily identified with a final cost objective.

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.

ADVERTISING

The Entities expense advertising costs as incurred. Total advertising costs for the years ended December 31, 2016 and 2015 were approximately $2,615 and $9,484, respectively.

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 19, 2017, which is the date the financial statements were available to be issued.

NOTE 2 – 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 $108,383 and $94,723 at December 31, 2016 and 2015, respectively.

NOTE 2 – RESTRICTED CASH -- (continued)

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 $26,208 and $26,600 at December 31, 2016 and 2015, respectively.

NOTE 3 – GRANTS RECEIVABLE

The Organization's grant receivables consisted of the following as of December 31, 2016 and 2015:

	2016	2015
Federal Programs (Direct and pass-through)	$ 225,705	$ 152,386
State and Local Programs	4,552	11,262
Total	$ 230,257	$ 163,648

NOTE 4 – PROPERTY AND EQUIPMENT

The Organization's property and equipment for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
Land	$ 603,122	$ 603,122
Building and improvements	4,514,898	4,514,898
Equipment and vehicles	796,039	774,224
	5,914,059	5,892,244
Accumulated depreciation	(2,257,538)	(2,064,601)
	$ 3,656,521	$ 3,827,643

NOTE 4 – PROPERTY AND EQUIPMENT -- (continued)

The Subsidiaries' property and equipment for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
Land	$ 50,129	$ 50,129
Building and improvements	2,810,064	2,810,064
Equipment and vehicles	89,408	89,408
	2,949,601	2,949,601
Accumulated depreciation	(944,162)	(867,901)
	$ 2,005,439	$ 2,081,700

Depreciation expense was $269,197 and $289,999 for the years ended December 31, 2016 and 2015, respectively.

NOTE 5 – NOTES RECEIVABLE FROM RELATED PARTIES

Notes receivable as of December 31, 2016 and 2015 are as follows:

	2016	2015
Note 1 - AHP	$ 280,000	$ 280,000
Note 2 - HOME	400,000	400,000
	680,000	680,000
Less: current portion	-	-
Notes receivable - related parties	680,000	680,000
Elimination of interfund receivable	(680,000)	(680,000)
Total notes receivable	$ -	$ -

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, 2016 and 2015 was $157,507 and $143,507, respectively. The note is due December 31, 2035. This note balance has been eliminated in consolidation.

NOTE 5 – NOTES RECEIVABLE FROM RELATED PARTIES -- (continued)

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, 2016 and 2015 was $224,840 and $204,840, respectively. The note is due June 30, 2026. This note balance has been eliminated in consolidation.

NOTE 6 – LONG TERM DEBT

As of December 31, 2016 and 2015, the Organization's long term debt consisted of the following:

	2016	2015
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.	$ 281,397	$ 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 baloon payment, due September 2031, secured by the apartment complex located in North Vernon, Indiana.	413,748	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.	298,132	311,853
Capital lease obligation with Daimler Truck Financial, payable in monthly installments of $2,677, including interest at 6.49%, maturing February 22, 2021, secured by two vehicles.	116,946	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.	328,171	334,233
Sub-total	1,438,394	1,486,509
Less: current portion	50,924	47,888
Long-term debt	$1,387,470	$1,438,621

NOTE 6 – LONG-TERM DEBT -- (continued)

Interest expense amounted to $14,440 and $17,478 for the years ended December 31, 2016 and 2015, respectively. Maturities of long-term debt for the next five years and thereafter are as follows:

2017	$ 50,924
2018	54,162
2019	57,613
2020	61,293
2021	38,004
Thereafter	1,176,398
Total	$ 1,438,394

NOTE 7 – CONCENTRATION OF CREDIT RISK

Approximately 93% of the Organization's support and revenue for both years ended December 31, 2016 and 2015 was provided by federal grants.

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 years ended December 31, 2016 and 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, 2016 and 2015.

NOTE 8 – 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.

NOTE 8 – IN-KIND CONTRIBUTIONS -- (continued)

The table below details the in-kind contributions for the years ended December 31, 2016 and 2015:

	2016	2015
Headstart in-kind:		
Professional services	$ 121,238	$ 23,687
Facilities	126,445	139,160
Mileage	7,877	10,619
Donations	38,996	44,068
Total in-kind reported in financial statements	294,556	217,534
Headstart volunteer services	166,723	169,162
Total in-kind for all programs	$ 461,279	$ 386,696

NOTE 9 – 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 $-0- and $303,375 as of December 31, 2016 and 2015, respectively. The remaining $106,425 is recorded as a receivable at December 31, 2016. Management believes that the entire amount will be collected and therefore, no allowance has been recorded. This receivable has been eliminated in consolidation.

NOTE 10 – 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 11 – 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, 2016 and 2015, management believes no material loss is anticipated.

NOTE 12 – 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 $46,984 and $36,055 for the years ended December 31, 2016 and 2015.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2015, 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 $102,167. The accounts and related adjustments are as follows:

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

SUPPLEMENTARY INFORMATION

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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, 2016 and 2015, and for the years 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 32) 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 19, 2017

OHIO VALLEY OPPORTUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS	Parent		
	OVO, Inc.	Valley Court	Total
CURRENT ASSETS			
Cash operating	$ 20,086	$ 1,540	$ 21,626
Cash security deposits	-	5,800	5,800
Cash reserve for replacement	-	29,843	29,843
Cash operating reserve	-	-	-
Grants receivable	230,257	-	230,257
Accounts receivable	23,065	4,469	27,534
Inventory	1,157	-	1,157
Total current assets	274,565	41,652	316,217
LONG-TERM ASSETS			
Property plant and equipment - net	2,340,689	1,315,833	3,656,522
Interest receivable	382,347	-	382,347
Investment in related parties	83	-	83
Notes receivable	680,000	-	680,000
Develpoment fee receivable	106,425	-	106,425
Total long-term assets	3,509,544	1,315,833	4,825,377
Total assets	$ 3,784,109	$ 1,357,485	$ 5,141,594
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	$ 35,719	$ 9,009	$ 44,728
Accrued salaries and wages	63,466	-	63,466
Accrued vacation payable	55,419	-	55,419
Accrued interest payable	-	1,362	1,362
Accrued real estate taxes	-	-	-
Security deposits	1,675	5,800	7,475
Prepaid rent	-	4	4
Developer fees payable	-	-	-
Other current liabilities	13,522	-	13,522
Current portion of long-term liabilities	39,903	4,990	44,893
Total current liabilities	209,704	21,165	230,869
LONG-TERM LIABILITIES			
Long-term debt net of current portion	375,175	690,155	1,065,330
Total liabilities	584,879	711,320	1,296,199
NET ASSETS			
Non-controlling interest in net assets - unrestricted	-	-	-
Controlling interest in net assets - unrestricted	3,199,230	646,165	3,845,395
Total net assets	3,199,230	646,165	3,845,395
Total liabilities and net assets	$ 3,784,109	$ 1,357,485	$ 5,141,594

See independent auditor’s report on supplementary information.

Subsidiaries			2016
SVC Apartments, Inc.	SVC Apartments, L.P	Eliminations	Consolidated Total
$ -	$ 51,405	$ -	$ 73,031
-	6,600	-	12,400
-	78,540	-	108,383
-	26,608	-	26,608
-	-	-	230,257
-	1,535	-	29,069
-	-	-	1,157
-	164,688	-	480,905
-	2,005,439	-	5,661,961
-	-	(382,347)	-
83	-	(166)	-
-	-	(680,000)	-
-	-	(106,425)	-
83	2,005,439	(1,168,938)	5,661,961
$ 83	$ 2,170,127	$ (1,168,938)	$ 6,142,866
$ -	$ 47,844	$ -	$ 92,572
-	-	-	63,466
-	-	-	55,419
-	383,666	(382,347)	2,681
-	20,872	-	20,872
-	6,600	-	14,075
-	360	-	364
-	106,425	(106,425)	-
-	-	-	13,522
-	6,031	-	50,924
-	571,798	(488,772)	313,895
-	1,002,140	(680,000)	1,387,470
-	1,573,938	(1,168,772)	1,701,365
-	596,106	-	596,106
83	83	(166)	3,845,395
83	596,189	(166)	4,441,501
$ 83	$ 2,170,127	$ (1,168,938)	$ 6,142,866

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

ASSETS	Parent		
	OVO, Inc.	Valley Court	Total
CURRENT ASSETS			
Cash	$ 104,604	$ 3,947	$ 108,551
Cash - security deposits	-	5,850	5,850
Cash - reserve for replacement and escrows	-	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
Total current assets	279,622	41,779	321,401
LONG-TERM ASSETS			
Property plant and equipment - net	2,477,175	1,350,468	3,827,643
Interest receivable, net	348,347	-	348,347
Investment in related parties	92	-	92
Notes receivable	680,000	-	680,000
Develpoment fee receivable	106,425	-	106,425
Total long-term assets	3,612,039	1,350,468	4,962,507
Total assets	$ 3,891,661	$ 1,392,247	$ 5,283,908
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	208,010	15,131	223,141
LONG-TERM LIABILITIES			
Long-term debt net of current portion	414,796	695,146	1,109,942
Total liabilities	622,806	710,277	1,333,083
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	3,268,855	681,970	3,950,825
Total liabilities and net assets	$ 3,891,661	$ 1,392,247	$ 5,283,908

See independent auditor's report on supplementary information.

Subsidiaries			2015
SVC Apartments, Inc.	SVC Apartments, L.P	Eliminations	Consolidated Total
$ -	$ 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. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Parent		
	OVO, Inc.	**Valley Court**	**Total**
REVENUES AND OTHER SUPPORT			
Grant revenue	$ 5,636,409	$ -	$ 5,636,409
Food supply revenue	111,122	-	111,122
Local support	55,296	-	55,296
In-kind revenue	294,556	-	294,556
Rental income	7,640	126,525	134,165
Earnings (loss) from subsidiary	(9)	-	(9)
Donations	40,162	-	40,162
Other income	1,196	2,408	3,604
Interest income	34,000	32,562	66,562
Total revenue and other support	6,180,372	161,495	6,341,867
OPERATING EXPENSES			
Headstart	2,330,130	-	2,330,130
Community Services Block Grant	212,115	-	212,115
Section 8 Housing	1,361,672	-	1,361,672
Apple Blossom Court Apartments	7,483	-	7,483
Casa Amiga	22,523	-	22,523
Weatherzation	683,737	-	683,737
Energy Assistance	1,589,206	-	1,589,206
Subsidiaries	-	197,300	197,300
Other Programs	43,131	-	43,131
Total operating expenses	6,249,997	197,300	6,447,297
Net increase (decrease) in net assets	(69,625)	(35,805)	(105,430)
NET ASSETS, BEGINNING OF YEAR	3,268,855	681,970	3,950,825
Non-controlling interest in subsidiary's earnings	-	-	-
Controlling interest in subsidiary's earnings	(69,625)	(35,805)	(105,430)
Prior period adjustment	-	-	-
NET ASSETS AT END OF YEAR	$ 3,199,230	$ 646,165	$ 3,845,395

See independent auditor’s report on supplementary information.

Subsidiaries			2016
SVC Apartments, Inc.	SVC Apartments, L.P	Eliminations	Consolidated Total
$ -	$ -	$ -	$ 5,636,409
-	-	-	111,122
-	-	-	55,296
-	-	-	294,556
-	176,334	-	310,499
(9)	-	18	-
-	-	-	40,162
-	1,174	-	4,778
-	32	-	66,594
(9)	177,540	18	6,519,416
-	-	-	2,330,130
-	-	-	212,115
-	-	-	1,361,672
-	-	-	7,483
-	-	-	22,523
-	-	-	683,737
-	-	-	1,589,206
-	267,975	-	465,275
-	-	-	43,131
-	267,975	-	6,715,272
(9)	(90,435)	18	(195,856)
92	686,624	(184)	4,637,357
-	(90,426)	-	(90,426)
(9)	(9)	18	(105,430)
-	-	-	-
$ 83	$ 596,189	$ (166)	$ 4,441,501

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

	Parent		
	OVO, Inc.	**Valley Court**	**Total**
REVENUES AND OTHER SUPPORT			
Grant revenue	$ 5,447,408	$ -	$ 5,447,408
Food supply revenue	91,291	-	91,291
Local support	66,061	-	66,061
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
Total revenue and other support	5,897,122	166,586	6,063,708
OPERATING EXPENSES			
Headstart	2,236,400	-	2,236,400
Community Services Block Grant	140,848	-	140,848
Section 8 Housing	1,303,883	-	1,303,883
Apple Blossom Court Apartments	12,536	-	12,536
Casa Amiga	37,288	-	37,288
Weatherzation	710,758	-	710,758
Energy Assistance	1,558,419	-	1,558,419
Subsidiaries	-	197,552	197,552
Other Programs	18,715	-	18,715
Total operating expenses	6,018,847	197,552	6,216,399
Net increase (decrease) in net assets	(121,725)	(30,966)	(152,691)
NET ASSETS AT BEGINNING OF YEAR	3,288,313	712,936	4,001,249
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	$ 3,268,855	$ 681,970	$ 3,950,825

See independent auditor’s report on supplementary information.

Subsidiaries			2015
SVC Apartments, Inc.	SVC Apartments, L.P	Eliminations	Consolidated Total
$ -	$ -	$ -	$ 5,447,408
-	-	-	91,291
-	-	-	66,061
-	-	-	217,534
-	169,830	-	309,757
(8)	-	16	-
-	-	-	24,684
-	595	-	9,084
-	31	-	68,353
(8)	170,456	$ 16	6,234,172
-	-	-	2,236,400
-	-	-	140,848
-	-	-	1,303,883
-	-	-	12,536
-	-	-	37,288
-	-	-	710,758
-	-	-	1,558,419
-	252,284	-	449,836
-	-	-	18,715
-	252,284	-	6,468,683
(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. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Parent		
	OVO, Inc.	Valley Court	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Increase (decrease) in net assets	$ (69,625)	$ (35,805)	$ (105,430)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:			
Depreciation	158,301	34,635	192,936
Bad debt	-	298	298
Earnings (loss) from subsidiary	9	-	9
Increase (decrease) in cash from changes in:			
Operating Reserve	-	-	-
Escrows	-	-	-
Grants receivable	(66,609)	-	(66,609)
Interest receivable	(34,000)	-	(34,000)
Accounts receivable	(12,852)	(2,904)	(15,756)
Security Deposits - asset	-	50	50
Accounts payable	(545)	5,709	5,164
Accrued expenses	5,403	-	5,403
Security Deposits - liability	-	150	150
Prepaid rent	-	(169)	(169)
Other accrued liabilities	(5,379)	-	(5,379)
Net cash provided by (used in) operating activities	(25,297)	1,964	(23,333)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets	(21,815)	-	(21,815)
Withdrawal from replacement reserve	-	8,280	8,280
Deposits and interest retained in reserve for replacement	-	(8,004)	(8,004)
Net cash provided by (used in) investing activities	(21,815)	276	(21,539)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments against mortgage	(37,406)	(4,647)	(42,053)
Principal payments on long-term debt	-	-	-
Net cash provided by (used in) financing activites	(37,406)	(4,647)	(42,053)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(84,518)	(2,407)	(86,925)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	104,604	3,947	108,551
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 20,086	$ 1,540	$ 21,626
Supplemental disclosures of Cash Flow Information			
Cash paid during the year for interest	$ 14,440	$ 14,215	$ 28,655
Cash paid during the year for interest subsidy	$ -	$ 32,562	$ 32,562

See independent auditor's report on supplementary information.

Subsidiaries			2016
SVC Apartments, Inc.	SVC Apartments, L.P	Eliminations	Consolidated Total
$ (9)	$ (90,435)	$ 18	$ (195,856)
-	76,261	-	269,197
-	-	-	298
9	-	(18)	-
-	(8)	-	(8)
-	(5,914)	5,914	-
-	-	-	(66,609)
-	-	34,000	-
-	(940)	-	(16,696)
-	-	-	50
-	41,831	-	46,995
-	31,761	(34,000)	3,164
-	-	-	150
-	(4,124)	-	(4,293)
-	-	-	(5,379)
-	48,432	5,914	31,013
-	-	-	(21,815)
-	-	-	8,280
-	(8,022)	(5,914)	(21,940)
-	(8,022)	(5,914)	(35,475)
-	-	-	(42,053)
-	(6,062)	-	(6,062)
-	(6,062)	-	(48,115)
-	34,348	-	(52,577)
-	17,057	-	125,608
$ -	$ 51,405	$ -	$ 73,031
$ -	$ 26,957	$ -	$ 55,612
$ -	$ -	$ -	$ 32,562

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

	Parent		
	OVO, Inc.	Valley 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
Net cash provided by (used in) operating activities	124,900	2,308	127,208
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets	(87,415)	-	(87,415)
Withdrawl from replacement reserve	-	12,162	12,162
Deposits and interest retained in reserve for replacement	-	(8,021)	(8,021)
Net cash provided by (used in) investing activities	(87,415)	4,141	(83,274)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments against mortgage	(36,605)	(4,326)	(40,931)
Principal payments on long-term debt	-	-	-
Net cash provided by (used in) financing activites	(36,605)	(4,326)	(40,931)
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	$ 33,518
Cash paid during the year for interest subsidy	$ -	$ 34,322	$ 34,322

See independent auditor's report on supplementary information.

Subsidiaries			2015
SVC Apartments, Inc.	SVC Apartments, L.P	Eliminations	Consolidated Total
$ (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, 2016

Federal Grantor/Pass-Through Grantor/Program Tit	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Direct Program:			
Head Start	93.600	05CH10102	$ 1,496,015
Head Start	93.600	05CH10103	349,099
			1,845,114
Passed through the Indiana Housing and Community Development Authority:			
Community Services Block Grant	93.569	CS-017-019	210,118
Energy Assistance Program	93.568	LI-016-019	
		LI-017-019	1,448,306
LIHEAP Weatherization	93.568	WL-016-019	
		WL-017-019	413,934
			2,072,358
Total Department of Health and Human Services			3,917,472
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	
		WX-016-019	172,250
U.S. Department of Agriculture			
Passed through the Indiana Department of Education			
Child and Adult Care Food Program	10.558	139-0058	111,122
U.S. Department of Housing and Urban Development			
Passed through the Indiana Department of Education			
Section 8 Housing	14.871		1,359,318
Total Expenditures of Federal Awards			$ 5,560,162

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, 2016

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 $1,248,131 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, 2016.

Note 4 – Indirect Cost Rate

Ohio Valley Opportunities, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under *Uniform Guidance*.

OHIO VALLEY OPPORTUNITIES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

Section II –Financial Statement Findings

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

Section III –Federal Awards Findings and Questioned Costs

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

COMER NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

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, 2016, 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 19, 2017.

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 19, 2017

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INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

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.
Madison, 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, 2016. 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, 2016.

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 19, 2017

OHIO VALLEY OPPORTUNITIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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:

CFDA Number	Name of Federal Program or Cluster
93.600	U.S. Dept. of Health and Human Services – Head Start
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 ☐

Section II – Financial Statement Findings

There were no financial statement findings for the year ended December 31, 2016.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended December 31, 2016.