

Community Link Inc

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

June 30, 2014 and 2013

Community Link Inc
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GLASS AND SHUFFETT, LTD.

Certified Public Accountants

Members:
American Institute of
Certified Public Accountants
Illinois Society of
Certified Public Accountants

1819 West McCord
P.O. Box 489
Centralia, Illinois 62801
(618) 532-5683
FAX (618) 532-5684

Associate Office
961 Fairfax
P.O. Box 322
Carlyle, Illinois 62231
618-594-4737

INDEPENDENT AUDITORS' REPORT

September 12, 2014

Board of Directors
Community Link Inc
Breese, Illinois 62230

We have audited the accompanying financial statements of Community Link Inc (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Link Inc as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

September 12, 2014

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedules listed as Supplementary Information in the table of contents and the accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 September 12, 2014, on our consideration of Community Link Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Link Inc's internal control over financial reporting and compliance.

Respectfully submitted,

Glass and Shuffett, Ltd.

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1819 West McCord
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FAX (618) 532-5684

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961 Fairfax
P.O. Box 322
Carlyle, Illinois 62231
618-594-4737

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*

September 12, 2014

Board of Directors
Community Link Inc
Breese, Illinois 62230

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 Community Link Inc, (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Link 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Link Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of the Community Link Inc.'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 combination of deficiencies, in internal control, such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the 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.

September 12, 2014

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Link 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*.

Purposes 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Glass and Shuffett, Ltd.

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

September 12, 2014

Board of Directors
Community Link Inc
Breese, Illinois 62230

Report on Compliance for Each Major Federal Program

We have audited Community Link Inc's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Community Link Inc's major federal programs for the year ended June 30, 2014. Community Link 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 Community Link 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Link 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 on Community Link Inc's compliance.

September 12, 2014

Opinions on Each Major Federal Program

In our opinion, Community Link 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 June 30, 2014.

Report on Internal Control Over Compliance

Management of Community Link 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 Community Link 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Link 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 federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,

Glass and Shuffett, Ltd.

Exhibits are in Excel under Clinton County Rehab.xls

Community Link Inc
STATEMENT OF FINANCIAL POSITION
June 30, 2014 and 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash on Hand and in Bank -- Operating	\$ 984,290	\$ 466,548
Cash in Bank -- Reserves	75,800	99,725
Accounts Receivable -- Trade	849,841	1,484,967
Prepaid Expenses	92,138	67,501
	<hr/>	<hr/>
Total Current Assets	2,002,069	2,118,741
	<hr/>	<hr/>
Property and Equipment:		
Construction in Progress	-	49,500
Land and Land Improvements	268,872	268,872
Buildings and Improvements	3,734,973	3,375,348
Furniture, Fixtures and Equipment	167,749	174,187
Vehicles	563,332	582,541
	<hr/>	<hr/>
Total Cost	4,734,926	4,450,448
	<hr/>	<hr/>
Less -- Accumulated Depreciation	2,262,963	2,142,909
	<hr/>	<hr/>
Net Property and Equipment	2,471,963	2,307,539
	<hr/>	<hr/>
	<hr/>	<hr/>
Total Assets	\$ 4,474,032	\$ 4,426,280
	<hr/>	<hr/>

EXHIBIT A

<u>LIABILITIES AND NET ASSETS</u>		
	<u>2014</u>	<u>2013</u>
Current Liabilities:		
Accounts Payable	\$ 98,078	\$ 97,206
Notes Payable -- Due Within One Year	177,518	167,313
Package Insurance Payable	54,436	45,480
Accrued Expenses	152,361	112,734
Compensated Absences Payable	145,512	145,085
Unearned Income	-	27,753
	<hr/>	<hr/>
Total Current Liabilities	627,905	595,571
	<hr/>	<hr/>
Long Term Liabilities (Due After One Year):		
Notes Payable	1,612,993	1,570,784
	<hr/>	<hr/>
Total Long Term Liabilities	1,612,993	1,570,784
	<hr/>	<hr/>
Total Liabilities	2,240,898	2,166,355
	<hr/>	<hr/>
Net Assets:		
Unrestricted	2,233,134	2,259,925
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 4,474,032	\$ 4,426,280
	<hr/>	<hr/>

See accompanying notes to financial statements.

EXHIBIT B

Community Link Inc
STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Support and Revenue:		
Support		
Grants	\$ 834,087	\$ 752,382
Contributions	221,253	209,962
Total Support	<u>1,055,340</u>	<u>962,344</u>
Revenue:		
Fees for Services	6,067,712	6,116,166
Investment Income	4,440	2,483
Other Income	490,401	423,535
Gain (Loss) on Sale of Assets	4,022	-
Total Revenue	<u>6,566,575</u>	<u>6,542,184</u>
Total Support and Revenue	<u>7,621,915</u>	<u>7,504,528</u>
Expenses:		
Program Services:		
Adult Day Programs	4,101,262	3,754,592
Community Living Programs	1,938,923	1,857,834
Infant Programs	697,217	808,032
Funding Development	176,669	108,665
General and Administrative Services	<u>767,601</u>	<u>759,151</u>
Total Expenses	<u>7,681,672</u>	<u>7,288,274</u>
Other Changes in Net Assets:		
Capital Assets Expensed Per Grant Award	86,156	-
Depreciation on Capital Assets Expensed	<u>(54,681)</u>	<u>(54,673)</u>
Total Other Changes in Net Assets	<u>31,475</u>	<u>(54,673)</u>
Change in Unrestricted Net Assets	(28,282)	161,581
Unrestricted Net Assets, Beginning of Year	2,259,925	2,101,889
Prior Period Adjustment	<u>1,491</u>	<u>(3,545)</u>
Unrestricted Net Assets, End of Year	<u>\$ 2,233,134</u>	<u>\$ 2,259,925</u>

See accompanying notes to financial statements.

EXHIBIT C

Community Link Inc
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows Used for Operating Activities:		
Change in Unrestricted Net Assets	\$ (28,282)	\$ 161,581
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	199,673	202,921
Prior Period Adjustment	1,491	(3,545)
(Increase) Decrease in Accounts Receivable	635,126	(71,021)
(Increase) Decrease in Prepaid Expenses	(24,637)	(3,705)
Increase (Decrease) in Accounts Payable and Accrued Expenses	49,455	(22,186)
Increase (Decrease) in Unearned Income	(27,753)	(9,177)
Increase (Decrease) in Compensated Absences Payable	427	17,452
Total Adjustments	<u>833,782</u>	<u>110,739</u>
Net Cash Provided by Operating Activities	<u>805,500</u>	<u>272,320</u>
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	(364,097)	(117,161)
	<u>(364,097)</u>	<u>(117,161)</u>
Cash Flows from Financing Activities:		
Loan Proceeds	220,775	492,400
Principal Payments on Notes Payable	(168,361)	(553,130)
	<u>52,414</u>	<u>(60,730)</u>
Net Increase (Decrease) in Cash and Equivalents	493,817	94,429
Cash and Equivalents at Beginning of Year	<u>566,273</u>	<u>471,844</u>
Cash and Equivalents at End of Year	<u>\$ 1,060,090</u>	<u>\$ 566,273</u>
Supplemental Data:		
Interest Paid	<u>\$ 78,922</u>	<u>\$ 74,473</u>

See accompanying notes to financial statements.

Community Link Inc
Statement of Functional Expenses
For the Year Ended June 30, 2014

EXHIBIT D

	Program Services				Total Program Services	General and Administrative	Total Expenses
	Adult Day Programs	Community Living Programs	Infant Programs	Funding Development			
Expenses							
Staff Salaries	\$ 2,125,703	\$ 1,247,982	\$ 272,251	\$ 90,369	\$ 3,736,305	\$ 424,248	\$ 4,160,553
Payroll Taxes	162,139	108,981	24,503	6,816	302,439	31,225	333,664
Fringe Benefits	429,009	232,048	44,893	8,339	714,289	53,446	767,735
Consultants	11,330	82	210,513	12,608	234,533	43,291	277,824
Volunteer Wages	-	-	75,559	-	75,559	-	75,559
Consumer Wages & Fringes	278,043	-	-	-	278,043	-	278,043
Medical Supplies	2,660	1,131	-	-	3,791	-	3,791
Office Supplies	10,834	2,073	3,790	2,498	19,195	16,834	36,029
Program Supplies	31,816	5,914	2,722	3,779	44,231	-	44,231
Housekeeping Supplies & Services	29,803	16,360	412	-	46,575	1,807	48,382
Specific Assistance to Individuals	-	15,532	-	-	15,532	-	15,532
Food	-	69,486	-	-	69,486	-	69,486
Maintenance Supplies	11,611	4,729	265	-	16,605	716	17,321
Rent	5,629	2,620	6,600	-	14,849	31,007	45,856
Utilities	85,129	55,529	6,403	-	147,061	8,158	155,219
Maintenance Service and Repairs	62,800	15,611	3,953	-	82,364	5,516	87,880
Computer Repairs and Maintenance	10,095	1,540	1,777	1,910	15,322	31,465	46,787
Insurance	23,892	15,662	5,094	-	44,648	30,620	75,268
Travel and Transportation	577,331	32,830	17,599	612	628,372	5,049	633,421
Telephone	14,076	-	7,763	-	21,839	11,226	33,065
Staff Training and Conferences	7,797	1,472	6,052	1,051	16,372	5,646	22,018
Dues and Subscriptions	796	251	4,112	75	5,234	9,433	14,667
Small Equipment	64,805	40,923	17	4,872	110,617	7,461	118,078
Public Relations	-	-	-	18,588	18,588	208	18,796
Interest	59,960	14,872	3	-	74,835	4,087	78,922
Miscellaneous Expenses	13,993	2,420	2,922	25,152	44,487	34,066	78,553
Depreciation Expenses	82,011	50,875	14	-	132,900	12,092	144,992
Total Expenses	\$ 4,101,262	\$ 1,938,923	\$ 697,217	\$ 176,669	\$ 6,914,071	\$ 767,601	\$ 7,681,672

See accompanying notes to financial statements.

(Continued on next page)
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Community Link Inc
Statement of Functional Expenses
For the Year Ended June 30, 2013

EXHIBIT D

	Program Services				Total Program Services	General and Administrative	Total Expenses
	Adult Day Programs	Community Living Programs	Infant Programs	Funding Development			
Expenses							
Staff Salaries	\$ 1,967,432	\$ 1,187,555	\$ 279,965	\$ 76,240	\$ 3,511,192	\$ 403,688	\$ 3,914,880
Payroll Taxes	152,906	104,938	19,963	5,446	283,253	29,586	312,839
Fringe Benefits	424,084	217,019	44,820	3,791	689,714	47,992	737,706
Consultants	16,263	7,203	283,857	-	307,323	45,127	352,450
Volunteer Wages	-	-	83,994	-	83,994	-	83,994
Consumer Wages & Fringes	208,466	-	-	164	208,630	-	208,630
Medical Supplies	2,270	1,395	-	-	3,665	-	3,665
Office Supplies	10,090	3,400	5,885	-	19,375	20,284	39,659
Program Supplies	29,587	6,515	7,463	943	44,508	-	44,508
Housekeeping Supplies & Services	25,722	17,958	791	-	44,471	1,469	45,940
Specific Assistance to Individuals	-	16,729	-	300	17,029	-	17,029
Food	-	71,462	-	-	71,462	-	71,462
Maintenance Supplies	8,086	3,699	397	-	12,182	491	12,673
Rent	2,624	1,330	6,600	-	10,554	33,532	44,086
Utilities	75,104	56,527	6,565	-	138,196	7,596	145,792
Maintenance Service and Repairs	52,260	20,506	3,888	-	76,654	4,704	81,358
Computer Repairs and Maintenance	9,093	1,580	1,778	1,433	13,884	21,874	35,758
Insurance	18,682	15,816	5,338	-	39,836	25,020	64,856
Travel and Transportation	559,062	31,774	22,801	-	613,637	4,957	618,594
Telephone	13,649	1,018	7,730	-	22,397	11,415	33,812
Staff Training and Conferences	7,586	178	12,693	-	20,457	6,390	26,847
Dues and Subscriptions	334	476	4,797	-	5,607	13,400	19,007
Small Equipment	11,103	14,160	6,132	4,340	35,735	20,811	56,546
Public Relations	-	-	-	375	375	7,538	7,913
Interest	57,633	19,862	-	-	77,495	4,321	81,816
Miscellaneous Expenses	19,965	1,861	2,575	15,633	40,034	38,172	78,206
Depreciation Expenses	82,591	54,873	0	-	137,464	10,784	148,248
Total Expenses	\$ 3,754,592	\$ 1,857,834	\$ 808,032	\$ 108,665	\$ 6,529,123	\$ 759,151	\$ 7,288,274

See accompanying notes to financial statements.

Community Link Inc
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Community Link Inc is a not-for-profit community support agency whose mission is to challenge, teach and inspire both participants and community, linking them in ways to enhance their lives. Community Link strives to promote the general welfare of adults and infants with developmental disabilities and other difficulties, residing in Clinton, St. Clair, Madison and other surrounding areas in Southern Illinois by fostering the development of programs and supports on their behalf as well as assisting those individuals and their families in acquiring other needed supports. The vision of Community Link is to see people with developmental disabilities and other difficulties, live and participate in a community that values their presence and contributions.

B. Financial Statement Presentation

The Organization has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, 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. In addition, the Organization is required to present a statement of cash flows.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of their recognition.

The Organization maintained its accounting records and prepares its financial statements on the accrual basis. Under this basis, revenues are recognized when they are earned, and expenses are recognized when incurred.

D. Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase.

E. Investments

In accordance with SFAS No. 124, investments in marketable securities are carried at readily determinable fair values.

F. Inventory

Inventories of supplies are immaterial and are expensed as purchased.

G. Allowance for Bad Debts

The Organization does not provide an allowance for bad debts. Bad debts are charged against revenue when they are determined uncollectible.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation unless donated. Donated items are valued at an amount determined to be fair market value. The Organization has a capitalization threshold of \$5,000. Depreciation is computed using the straight-line method over the estimated lives of the assets as follows:

Office Furniture and Fixtures	3-10 years
Tools and Workshop Equipment	5-12 years
Vehicles--Buses	5- 7 years
Vehicles--Other	5 years
Buildings	12-35 years
Home Furnishings	5- 7 years

Depreciation for the years ended June 30, 2014 and 2013 were \$199,673 and \$202,921, respectively.

I. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

J. Support and Revenue

The Organization receives fees for services from the Department of Human Services, other community agencies and its clients for billable client services and recognizes these fees as income when earned.

The Organization also receives direct grants from the U.S. Department of Health and Human Services. These grants are generally recognized in the year earned.

K. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs benefited.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Compensated Absences

Employees of the Organization are entitled to PTO (Paid Time Off) and EIB (Extended Illness Bank) depending on job classification, length of service, and other factors.

Upon termination, employees are paid for accrued PTO at current payroll rates. EIB is not paid to terminating employees and must be used or lost.

N. Federal Income Tax Status

The Organization has applied for and has been granted, exemption from Federal income taxation under Section 501 (c) (3) of the Internal Revenue Code.

O. Restatement of Prior Period Data

Certain prior period data has been restated to conform with the current financial statement presentation.

NOTE 2--SUMMARY OF GRANT FUNDING

The Organization received funding through the following grants during the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Illinois Department of Human Services -- Title XX--DFI	\$ 61,799	\$ 61,799
Illinois Department of Transportation	36,672	-
Illinois Department of Commerce and Economic Opportunities	20,000	-
Community M.H. Act (708)	106,683	91,577
U.S. Department of Health and Human Services	326,343	356,527
United Way	247,446	242,479
Illinois Clean Energy Foundation	29,484	-
Other	5,660	-
	<u>\$834,087</u>	<u>\$752,382</u>

NOTE 3--ACCOUNTS RECEIVABLE

Accounts receivable consists of various receivables as follows:

	<u>2014</u>	<u>2013</u>
Accounts Receivable—Trade	\$ 73,094	\$ 75,808
Illinois Department of Human Services	195,825	114,498
Long-term Care Facilities	512,919	1,213,181
U.S. Dept. of Health & Human Services	26,998	28,758
Illinois Department of Commerce and Economic Opportunities	2,000	2,000
Washington County Workshop	1,879	1,879
Central Billing Office (Medicaid)	37,126	48,843
	<u>\$849,841</u>	<u>\$1,484,967</u>

Aging of accounts receivable at June 30, 2014, are as follows:

0-30 Days	\$617,639	73%
31-60 Days	25,454	3%
61-90 Days	105,669	12%
91 Days or Over	101,079	12%
	<u>\$849,841</u>	<u>100%</u>

NOTE 4--NOTES PAYABLE

First Bank, Breese, Illinois

At June 30, 2014, the Organization was indebted to First Bank, Breese, Illinois as follows:

<u>Description</u>	<u>Date of Note</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Due Within One Year</u>
Building Addition	07-24-12	07-24-17	4.50%	\$ 49,763	\$15,826
Fairview Heights Real Estate	07-01-12	07-01-27	3.61%	517,276	31,741
Fairview Heights Real Estate	07-01-12	07-01-27	4.50%	57,566	3,343
West Building	12-16-11	12-16-16	4.75%	135,655	6,727
E350 Ford Van	07-30-12	07-30-17	4.25%	15,980	4,954
2005 Dodge Dakota	03-27-14	03-27-17	4.00%	7,624	4,947
				<u>\$783,864</u>	<u>\$67,538</u>

NOTE 4--NOTES PAYABLE (CONTINUED)

First County Bank, Trenton, Illinois

At June 30, 2014, the Organization was indebted to First County Bank, Trenton, Illinois as follows:

<u>Description</u>	<u>Date of Note</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Due Within One Year</u>
Germantown CILA Home	10-29-10	10-29-16	5.25%	\$38,844	\$5,197
2007 Freightline Box Truck	09-14-11	09-14-14	3.50%	<u>1,294</u>	<u>1,294</u>
				<u>\$40,138</u>	<u>\$6,491</u>

The above notes are secured by accounts receivable, equipment and buildings owned by the Organization.

USDA Rural Development

At June 30, 2014, the Organization was indebted to the USDA - Rural Development as follows:

<u>Description</u>	<u>Date of Note</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Due Within One Year</u>
Buildings	12-7-94	12-7-24	5.25%	<u>\$488,392</u>	<u>\$36,233</u>

The USDA - Rural Development originally approved two separate promissory notes totaling \$823,000 and \$85,000 for refinancing and improvements to Organization buildings. Principal payments commenced January 7, 1996, at \$5,095 per month. The notes are secured by a mortgage on the Organization's buildings.

<u>Description</u>	<u>Date of Note</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Due Within One Year</u>
Building Improvements	03-26-13	03-26-43	3.125%	<u>\$260,616</u>	<u>\$5,399</u>

During fiscal year 2013, the Organization secured financing totaling \$262,000 from the USDA Rural Development for capital improvements at their metro (Fairview Heights) location. The loan is payable in monthly installments of \$1,148 per month. The note is secured by the Organization's buildings.

Illinois State Council Knights of Columbus Charities, Inc.

At June 30, 2014, the Organization was indebted to the Illinois State Council Knights of Columbus Charities, Inc., on two promissory notes, originally issued in the amount of \$215,000 and \$218,000, respectively.

<u>Description</u>	<u>Date of Note</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Due Within One Year</u>
Breese 555 CILA Home	7-25-08	8-15-15	0%	\$ 35,834	\$30,714
Breese 373 CILA Home	3-22-13	4-10-20	0%	<u>181,667</u>	<u>31,143</u>
				<u>\$217,501</u>	<u>\$61,857</u>

The notes require monthly payments of \$2,560 on the Breese 555 CILA Home and \$2,595 on the Breese 373 CILA Home, and are secured by real estate. Imputed interest on the zero percent loans for fiscal year 2014 is included in expense totaling \$10,358. The effective interest rate used was 4%.

NOTE 4--NOTES PAYABLE (CONTINUED)

Annual debt maturities for future years follow:

2015	\$ 177,518
2016	153,355
2017	287,283
2018	118,673
2019	121,967
Thereafter	<u>931,715</u>
	<u>\$1,790,511</u>

NOTE 5--RESERVE ACCOUNTS

In accordance with the terms of the Rural Economic and Community Development agreement, the Organization is required to segregate revenues and restrict their use in separate account for the following purposes:

- 1) Payment of note principal and interest when other funds are not available
- 2) Payment of cost of repairs caused by catastrophe
- 3) Extensions or improvements

The maximum required reserve balance for the Rural Economic and Community Development agreement is \$61,200.

The Organization has continued to fund the reserve with investment earnings in excess of the maximum required reserve balance. As of June 30, 2014, the Organization's reserved balance was invested in Certificates of Deposit totaled \$75,800.

The Organization has complied with the financial loan agreement for the year ended June 30, 2014.

NOTE 6--INSURANCE COVERAGE

<u>Company</u>	<u>Description of Coverage</u>	<u>Expiration</u>
Philadelphia	General liability: bodily injury, personal injury and property damage--\$1 million each occurrence, \$1 million aggregate; medical coverage -- \$5,000 each person, \$1 million each accident; fire damage limit (any one fire) -- \$100,000 Property: Property coverages, including special form policy for mine subsidence -- comprehensive 100% co-insurance, \$1,000 deductible:	5-1-15

NOTE 6--INSURANCE COVERAGE (CONTINUED)

<u>Company</u>	<u>Description of Coverage</u>	<u>Expiration</u>																																																																																							
	Contents are covered under Blanket #2 in the amount of \$961,700																																																																																								
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	Employee dishonesty--\$1,000,000, \$1,000 deductible																																																																																								
	Money and securities--\$5,000 on/off premises, \$500 deductible																																																																																								
Philadelphia	Computer/word processor equipment--\$240,000 blanket for all locations, 100% co-insurance, \$500 deductible	5-1-15																																																																																							
Philadelphia	Earthquake and volcanic eruption--blanket limit -- \$7,492,376, 5% deductible, same coverages as listed on property above	5-1-15																																																																																							

NOTE 6--INSURANCE COVERAGE (CONTINUED)

<u>Company</u>	<u>Description of Coverage</u>	<u>Expiration</u>
Erie Insurance Group	Workers' compensation: statutory coverage; Employers' liability: \$1,000,000 each accident/ each employee policy limit	10-1-14
Philadelphia	Automobile liability: fleet coverage--\$1 million per accident; uninsured motorist--\$1 million automobile medical pay--\$1,000 per person (non-owned and hired auto's also covered on Policy); all vehicles have comprehensive \$500 and \$1,000 deductible collision	5-1-15
Philadelphia	Excess blanket catastrophe liability policy--\$2 million over other limits	5-1-15
Philadelphia	Directors and officers liability coverage-- \$2 million aggregate	5-1-15
Auto Owners	FHA schedule bond--\$400,000	10-1-14

NOTE 7--RETIREMENT AND FRINGE BENEFIT PLANS

The Organization maintains a 401(k) profit sharing plan for its employees. Provisions of the plan follow:

Plan Year -- January 1 to December 31
Underwriter -- Mutual of America
Effective Date of Plan -- August 1, 2010
Eligibility -- 21 years of age, one year of service, and completion of 1,000 service hours
Vesting -- 100% upon completion of 3 years of service
Employer Base Contribution -- 3% of compensation
Employer Matching Contribution -- 100% up to 2% of compensation
Maximum Employer Contribution -- \$50,000 or 25% of salary
Maximum Employee Contribution -- \$17,000, age 50 and over catch up \$5,500

The cost of the plan for the year ended December 31, 2013, was \$143,317. Plan assets as of December 31, 2013, totaled \$2,265,559 for all participants.

NOTE 8--LEASE OF REAL ESTATE

Effective January 1, 2006, the Organization entered into a lease with Mater Dei High School, Breese, Illinois, for real estate located at 955 North Plum, Breese, Illinois. The lease term was for one year at \$550 per month. The lease has been renewed annually under the same terms and conditions. The minimum required remaining lease payments at June 30, 2014 totaled \$3,300.

NOTE 9--PRIOR PERIOD ADJUSTMENTS/RECLASSIFICATIONS

Prior period adjustments were required for retro-active billing adjustments which increased (decreased) net assets for June 30, 2014 and 2013, in the amounts of \$1,491 and \$(3,545), respectively.

NOTE 10--FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization has a number of financial instruments and estimates the fair value of all financial instruments at June 30, 2014 and 2013. All investments are recorded at fair market value on the statement of financial position.

NOTE 11--OTHER CHANGES IN NET ASSETS

Grant expenditures in fiscal year 2014 for the IDOT Vehicle Procurement Program (\$36,672); DCEO Recycling Grant – loading dock (\$20,000); and Illinois Clean Energy Foundation – lights (\$29,484), were reported as grant program expenses in the year incurred to satisfy the expense reporting requirements of the grant. However, Generally Accepted Accounting Principles require that the cost of these assets be depreciated over their estimated useful lives. Therefore, the capital assets purchased from these grants are added back totaling \$86,156 and depreciation is recorded instead totaling \$54,681. No new grant equipment was acquired in fiscal year 2013. However, depreciation on prior year equipment purchases was recorded totaling \$54,673.

NOTE 12--IN-KIND CONTRIBUTIONS

The Organization routinely receives in-kind services in connection with the Early Head Start Program. The value of these services is included in revenues and expenditures when performed. During the fiscal years ended June 30, 2014 and 2013, the amount of services received was \$75,559 and \$83,994, respectively.

Also, in-kind contributions are recognized for imputed interest on zero percent loans. At June 30, 2014 and 2013, interest was recognized totaling \$10,358 and \$7,344, respectively. See Note 4.

NOTE 13--SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 12, 2014, the date the financial statements were available to be issued.

NOTE 14--ACCOUNTING FOR UNCERTAIN TAX POSITIONS

Effective July 1, 2009 the Organization adopted the accounting standard regarding “Accounting for Uncertain Tax Positions.” This accounting standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax provision recognized in the Organization’s financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not the position will be sustained upon examination. The Organization has not taken any tax position that is expected to significantly increase or decrease over the next twelve months. The adoption of this standard had no material effect on the Organization’s financial position, change in net assets, or cash flows.

The Organization files income tax returns in the United States federal and State of Illinois jurisdictions. The Organization is no longer subject to United States federal or State of Illinois tax examinations for years ending before June 30, 2011.

The Organization would include penalties and interest assessed by income taxing authorities in operating expenses. The Organization did not have penalties and interest expenses for the years ended June 30, 2014 and 2013.

Community Link Inc

ANNUAL FEDERAL FINANCIAL
COMPLIANCE SECTION

Community Link Inc
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Project Number</u>	<u>Grant Award</u>	<u>Revenue</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services:</u>					
Direct Federal Funding:					
Early Head Start (M)	93.600	05CH8273/07	\$333,962	\$271,014	\$271,014
Early Head Start (M)	93.600	05CH8359/01	<u>333,962</u>	<u>55,329</u>	<u>55,329</u>
Subtotal			<u>667,924</u>	<u>326,343</u>	<u>326,343</u>
Flow-thru Illinois Department of Health and Human Services:					
Title XX - DFI	93.667	FCSSJ00299	<u>61,799</u>	<u>61,799</u>	<u>61,799</u>
Total U.S. Department of Health and Human Services			<u>729,723</u>	<u>388,142</u>	<u>388,142</u>
<u>U.S. Department of Transportation:</u>					
Flow-thru Illinois Department of Transportation:					
Vehicle Procurement	20.513	IL-16-X005	<u>29,338</u>	<u>29,338</u>	<u>29,338</u>
Total U.S. Department of Transportation			<u>29,338</u>	<u>29,338</u>	<u>29,338</u>
<u>U.S. Department of Agriculture:</u>					
Direct Federal Funding:					
Community Facilities Loans and Grants	10.776	N/A	<u>262,000</u>	⁽¹⁾ <u>212,500</u>	<u>214,781</u>
Total U.S. Department of Agriculture			<u>262,000</u>	<u>212,500</u>	<u>214,781</u>
Total Expenditures of Federal Awards			<u>\$1,021,061</u>	<u>\$629,980</u>	<u>\$632,261</u>

(m) Denotes major program.

⁽¹⁾ Received loan proceeds of \$49,500 and expended loan proceeds of \$47,219 in fiscal year 2013.

Community Link Inc
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2014

Note 1 – Summary of Significant Accounting Policies

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Community Link Inc. The Organization's reporting entity is defined in Note 1 to the Organization's financial statements. Federal awards passed through other government agencies are included on the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Organization's financial statements.

Relationship to Basic Financial Statements

Federal awards received are reflected in the Organization's financial statements within the Statement of Activities as receipts from federal sources.

Relationship to Program Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported in the Program Financial Reports for programs which have filed reports as of June 30, 2014, with the grantor agencies.

Community Link Inc
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report Issued	Unmodified
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INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material weakness(es) identified	None Reported
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Significant deficiency(s) identified that are not considered to be material weaknesses	None Reported
--	---------------

Noncompliance material to financial statements noted	No
--	----

FEDERAL AWARDS

INTERNAL CONTROL OVER MAJOR PROGRAMS:

Material weakness(es) identified	None Reported
----------------------------------	---------------

Significant deficiency(s) identified that are not considered to be material weakness(es)	None Reported
--	---------------

Type of auditor's report issued on compliance for major programs	Unmodified
--	------------

Any findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No
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IDENTIFICATION OF MAJOR PROGRAMS:

<u>CFDA No.</u> 93.600	<u>Name of Federal Program or Cluster.</u> Early Head Start
---------------------------	--

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as low-risk auditee	No
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Community Link Inc
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

The audit disclosed no findings, which are required to be reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The audit disclosed no findings or questioned costs, which are required to be reported.

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no prior audit findings.