

COMMUNITY OPPORTUNITIES, INC.  
D/B/A NEW OPPORTUNITIES, INC.

INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2009

# NEW OPPORTUNITIES, INC.

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NEW OPPORTUNITIES, INC.

BOARD OF DIRECTORS

Executive Board of Directors

Eugene Meiners	President
Rick Hecht	Vice President
Kay Steddom	Secretary
Bruce Nelson	Treasurer

Board Members

<u>County</u>	<u>Representing</u>		
	<u>Government</u>	<u>Low-Income</u>	<u>Private</u>
Audubon	Bruce Nelson	Kay Steddom	Vacancy
Calhoun	Gary Nicholson	Betty Weidert	Vacancy
Carroll	Eugene Meiners	Vacancy	Vacancy
Dallas	Mark Hanson	Shirley Keenan	Vacancy
Greene	Mary Jane Fields	Tom Heater	Kyle Orris
Guthrie	James Petersen	Vacancy	Vacancy
Sac	Rick Hecht	Kathy Brenny	Barton Thoreson

Agency Officials

Chad Jensen	Chief Executive Officer
Sheri Mertz (began August, 2009)	Chief Financial Officer
Lynn Nulle (resigned June, 2009)	Chief Financial Officer

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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CHRISTOPHER J. NELSON  
DAVID A. GINTHER

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
New Opportunities, Inc.  
Carroll, Iowa

We have audited the accompanying statement of financial position of New Opportunities, Inc. as of September 30, 2009 and the related statements of activities, changes in net assets, functional expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Opportunities, Inc. as of and for the year ended September 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 14, 2010 on our consideration of New 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 compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

To the Board of Directors  
New Opportunities, Inc.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included on Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) 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 has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Stonebold, Bell, Kye & Co. P.C.*

Atlantic, Iowa  
January 14, 2010

NEW OPPORTUNITIES, INC.  
Statement of Financial Position  
All Funds  
September 30, 2009

ASSETS	Administrative Fund	Program Funds	Plant Fund	Total
Cash	\$ 261,359	\$ 831,932	\$ --	\$ 1,093,291
Investments	89,558	--	--	89,558
Receivables:				
Grantor agencies	36,387	616,957	--	653,344
Other sources	8	53,083	--	53,091
Prepaid expense	1,779	10,151	--	11,930
Inventory	11,245	--	--	11,245
Deferred financing costs	42,473	--	--	42,473
Property and equipment at cost, less accumulated depreciation of \$483,170	--	--	1,764,055	1,764,055
Total Assets	<u>\$ 442,809</u>	<u>\$ 1,512,123</u>	<u>\$ 1,764,055</u>	<u>\$ 3,718,987</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Payables:				
Accounts	\$ 60,088	\$ 708,409	\$ --	\$ 768,497
Salaries and benefits	156,616	169,812	--	326,428
State advance	--	32,087	--	32,087
Deferred revenue	--	406,500	--	406,500
Revenue bond	1,369,797	--	--	1,369,797
Total Liabilities	1,586,501	1,316,808	--	2,903,309
Net Assets				
Unrestricted	( 1,143,692)	--	1,552,453	408,761
Temporarily restricted by grantor agencies	--	195,315	211,602	406,917
Total Net Assets	<u>( 1,143,692)</u>	<u>195,315</u>	<u>1,764,055</u>	<u>815,678</u>
Total Liabilities and Net Assets	<u>\$ 442,809</u>	<u>\$ 1,512,123</u>	<u>\$ 1,764,055</u>	<u>\$ 3,718,987</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.  
Statement of Activities  
All Funds  
Year Ended September 30, 2009

	Administrative Fund	Program Funds	Plant Fund	Total
Revenues:				
Governmental Funding Sources:				
Iowa Department of Human Rights	\$ --	\$ 4,036,714	\$ --	\$ 4,036,714
U.S. Department of Health and Human Services	--	2,010,211	--	2,010,211
Iowa Department of Public Health	--	1,340,997	--	1,340,997
Iowa Department of Education	--	1,417,066	--	1,417,066
Iowa Department of Human Services	--	280,175	--	280,175
Iowa Department of Economic Development	--	81,498	--	81,498
U.S. Department of Homeland Security	--	29,987	--	29,987
Various	42,331	235,043	--	277,374
In-Kind Contributions	--	779,147	--	779,147
Public Support and Contributions	1,237	676,264	--	677,501
Co-Funding	--	147,663	--	147,663
Investment Income	89,639	1,420	--	91,059
Rental income	73,600	--	--	73,600
Investment in Plant	--	--	1,572,120	1,572,120
Miscellaneous	25,216	611,446	--	636,662
Total Revenues	232,023	11,647,631	1,572,120	13,451,774
Expenditures:				
Head Start	--	2,959,689	--	2,959,689
Community Services Block Grant (CSBG)	--	293,682	--	293,682
Low-Income Home Energy Assistance Program (LIHEAP)	--	2,537,234	--	2,537,234
Weatherization Assistance	--	1,205,798	--	1,205,798
Maternal and Child Health	--	236,403	--	236,403
Family Planning	--	91,076	--	91,076
Immunization	--	21,570	--	21,570
Women, Infants and Children (WIC)	--	436,000	--	436,000
Child and Adult Care Food Program (CACFP) - Homes	--	495,616	--	495,616
Home Investment Partnership Program	--	81,498	--	81,498
Substance Abuse Programs	--	858,179	--	858,179
Empowerment Programs	--	906,512	--	906,512
Other Programs	--	1,397,611	--	1,397,611
Administration	1,649,213	--	--	1,649,213
Depreciation	--	--	90,325	90,325
Total Expenditures	1,649,213	11,520,868	90,325	13,260,406
Excess of Revenues Over Expenditures (Expenditures Over Revenues)	( 1,417,190)	126,763	1,481,795	191,368
Change in Unrealized Gains and Losses on Investments, Other Than Trading Securities	( 62,251)	--	--	( 62,251)
Change in Net Assets	<u>\$ ( 1,479,441)</u>	<u>\$ 126,763</u>	<u>\$ 1,481,795</u>	<u>\$ 129,117</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.  
Statement of Changes in Net Assets  
All Funds  
Year Ended September 30, 2009

	<u>Administrative Fund</u>	<u>Program Funds</u>	<u>Plant Fund</u>	<u>Total</u>
Net Assets at Beginning of Year	\$ 335,749	\$ 68,552	\$ 282,260	\$ 686,561
Change in Net Assets	<u>( 1,479,441)</u>	<u>126,763</u>	<u>1,481,795</u>	<u>129,117</u>
Net Assets at End of Year	<u><u>\$ ( 1,143,692)</u></u>	<u><u>\$ 195,315</u></u>	<u><u>\$ 1,764,055</u></u>	<u><u>\$ 815,678</u></u>

See notes to financial statements.



NEW OPPORTUNITIES, INC.  
Statement of Functional Expenditures  
Administrative Fund and Program Funds  
Year Ended September 30, 2009

	Administrative Fund	Program Funds	Total
Salaries and wages	\$ 325,552	\$ 2,630,321	\$ 2,955,873
Fringe benefits	97,322	785,474	882,796
Assistance to individuals	--	4,078,268	4,078,268
Professional fees and contracted services	81,948	1,075,366	1,157,314
Travel	17,023	285,774	302,797
Occupancy	20,640	253,064	273,704
Utilities and telephone	9,352	115,844	125,196
Supplies and materials	25,867	494,810	520,677
Buildings and equipment	1,419,848	136,363	1,556,211
Printing, publications and postage	6,031	41,027	47,058
Insurance	14,736	52,518	67,254
Miscellaneous	86,942	189,181	276,123
Co-funding	--	147,663	147,663
In-kind:			
Labor	--	135,444	135,444
Materials and other	--	643,703	643,703
 Total Expenditures Before Allocation of Indirect Costs	 2,105,261	 11,064,820	 13,170,081
Allocation of indirect costs	( 456,048)	456,048	--
 Total Expenditures	 <u>\$ 1,649,213</u>	 <u>\$ 11,520,868</u>	 <u>\$ 13,170,081</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.  
Statement of Cash Flows  
Year Ended September 30, 2009

Cash flows from operating activities:	
Cash received from State Agencies	\$ 7,363,098
Cash received from Federal Grantors	2,023,195
Contributions received	677,501
Investment income	93,946
Other receipts	633,792
Cash paid to employees and suppliers	( 10,063,272)
Interest paid	( 64,784)
Net cash provided by operating activities	<u>663,476</u>
Cash flows from investing activities:	
Property and equipment expenditures	( 1,572,120)
Change in investments	<u>622,827</u>
Net cash used in investing activities	<u>( 949,293)</u>
Cash flows from financing activities:	
Proceeds from revenue bond	1,400,000
Proceeds from notes payable	135,000
Principal paid on revenue bond	( 30,203)
Principal paid on notes payable	( 135,000)
Deferred financing costs paid	( 43,410)
Net cash provided by financing activities	<u>1,326,387</u>
Net increase in cash	1,040,570
Cash and cash equivalents at beginning of year	<u>52,721</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,093,291</u></u>
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$ 129,117
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	90,325
Amortization	937
Change in unrealized gains and losses on investments	62,251
Changes in assets and liabilities	
Accrued interest receivable	2,887
Receivables	154,131
Prepaid expenses	( 2,333)
Inventory	2,464
Payables	457,563
Deferred revenue	( 233,866)
Total adjustments	<u>534,359</u>
Net cash provided by operating activities	<u><u>\$ 663,476</u></u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Community Opportunities, Inc. d/b/a New Opportunities, Inc., (the Agency) a not-for-profit corporation, is a community action agency that serves the Iowa counties of Audubon, Calhoun, Carroll, Dallas, Greene, Guthrie, and Sac. New Opportunities, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes.

New Opportunities, Inc. administers various programs funded by Federal, State and local governmental bodies. Each program is accounted for as a separate fund. As indicated on Exhibit B, the Agency received approximately 65% of its revenues from four governmental funding sources. The Agency has renewed substantially all of these governmental funding sources for fiscal year October 1, 2009 to September 30, 2010.

B. Fund Accounting

The accounts of New Opportunities, Inc. are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenditures. The various funds are summarized as follows in the financial statements:

Administrative Fund - The Administrative Fund represents funds derived from local sources such as donations, rents and miscellaneous activities. The Agency's overall management and administrative expenditures are charged to this fund and then allowable indirect costs are allocated to the various programs which the Agency administers.

Program Funds - Program Funds are used to account for the revenues and expenditures that are contractually restricted by the funding source for specific purposes.

Plant Fund - The Plant Fund is used to accumulate the net investment in fixed assets and to account for the unexpended resources contributed specifically for the purpose of acquiring fixed assets for the Agency.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Purchases of property and equipment providing future benefits are recorded as expenses in the program at the time of purchase and capitalized in the plant fund.

NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Temporarily restricted net assets are those whose use by the Agency has been limited by grantor agencies to a specific time period or purpose.

Revenues and expenses are reported as increases or decreases in unrestricted net assets unless use of the related assets is limited by donor- or grantor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

E. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the combined statement of financial position:

Cash and Cash Equivalents - The Agency considers demand deposits and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments - Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenditures (expenditures over revenues) unless the income or loss is restricted by donor or law. Unrealized gains or losses are recorded in investment income (loss) on trading securities and as a change in net assets on available for sale and held to maturity securities.

Receivables from Grantor Agencies - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenditures as of the beginning and end of the year. Receivables from Grantor Agencies represent an excess of expenditures over cash basis reimbursements at year end.

All receivables are considered fully collectible. Accordingly, no provision for uncollectible amounts has been recorded.

NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had not been paid or received as of September 30, 2009, balances of interfund amounts receivable or payable have been recorded.

Prepaid Expenses - Prepaid expenses consist of the unexpired portion of insurance premiums for Agency auto, liability, property damage, and worker's compensation coverage as of September 30, 2009.

Inventory - Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out basis. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Property and Equipment - Property and equipment are valued at historical cost or estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation.

Property and equipment purchased are recorded as expenditures in the fund purchasing the asset. The purchases are then capitalized in the plant fund accumulating the net investment in fixed assets. Depreciation has been provided in the plant fund using the straight-line method over the estimated useful lives of the respective assets, generally 5 to 25 years. The depreciated cost of the property and equipment does not purport to be either a realizable value or a replacement value.

Expenditures for maintenance, repairs and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed of is deleted. No interest costs were capitalized since there were no qualifying assets.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenses at year end.

Compensated Absences - Employees of the Agency accumulate a limited amount of earned but unused vacation payable to employees. Amounts representing the cost of compensated absences are recorded as liabilities of the Administrative Fund. This liability has been computed based on rates of pay in effect at September 30, 2009.

Advertising and Promotion Costs - Advertising and promotion costs are expensed as they are incurred. Advertising and promotion costs totaled \$44,209 during the year ended September 30, 2009.

NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. In-Kind Contributions

The Agency recognizes donated labor, services, materials and rent-free or rent-reduced usage of facilities and equipment as in-kind revenues at the time the services and materials are received. These in-kind contributions and the corresponding expense are valued at their estimated fair market value and recognized in the financial statements in accordance with grant requirements.

G. Total Column

The total column on the combined statements of financial position, activities, and functional expenditures is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

H. 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.

NOTE 2 - INDIRECT COST RATE AGREEMENT

New Opportunities, Inc. entered into an Indirect Cost Rate Agreement with their cognizant agency, Department of Health and Human Services, setting a predetermined Indirect Cost Rate (17.7%) for fiscal year October 1, 2008 to September 30, 2009. The Indirect Cost allowed is calculated by multiplying the approved predetermined rate (17.7%) times the allocation base. The allocation base is the Agency's direct salaries and wages, excluding fringe benefits and is applicable to all programs. The use of the Indirect Cost Rate allows for an allocation process of the Agency's costs that are incurred for common or joint objectives and, therefore, cannot be readily and specifically identified with a particular project or activity.

NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2009

NOTE 3 - MANAGED CARE CONTRACT

The Agency's substance abuse treatment and rehabilitation services are being reimbursed under a managed care contract administered by Magellan Behavioral Health, Inc. The Agency received approximately 3% of its total support and revenue through this contract for the twelve months ended September 30, 2009. The Agency's managed care contract for its current five county service area has been renewed for fiscal year ending September 30, 2010.

NOTE 4 - DEPOSITS AND INVESTMENTS

The Agency's deposits at September 30, 2009 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the Agency or the Agency's agent in the Agency's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Investments are stated as indicated in Note 1. The composition of investments is as set forth below:

Certificates of deposit	\$ 57,310
Equity securities	<u>32,248</u>
	<u>\$ 89,558</u>

All equity securities are classified as available for sale. None of the \$32,248 of equity securities is covered by any form of insurance against loss.

Investment income and other changes in investments are comprised of the following for the year ended September 30, 2009:

Investment Income:	
Interest income	\$ 9,084
Dividend income	21,793
Realized gains on sale of securities	<u>60,182</u>
	<u>\$ 91,059</u>
Other Changes in Investments:	
Change in unrealized gains and losses on available for sale securities	<u>\$ ( 62,251)</u>

NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2009

NOTE 5 - PROPERTY AND EQUIPMENT

A summary of property and equipment comprising the plant fund at September 30, 2009, categorized by acquiring program/source, is as follows:

<u>Acquiring Program/Source</u>	<u>Land and Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Community Building Investment Program	\$ --	\$ --	\$ 3,015	\$ 3,015
Head Start	66,453	125,064	96,045	287,562
Maternal Health/Child Health	--	--	9,842	9,842
Low Income Home Energy Assistance Program	--	--	46,149	46,149
Substance Abuse	--	--	35,867	35,867
Weatherization Assistance	--	63,311	28,709	92,020
Women, Infants and Children	--	21,466	4,435	25,901
Other Grantors	--	--	10,313	10,313
General Agency	<u>1,704,974</u>	<u>--</u>	<u>31,582</u>	<u>1,736,556</u>
Total Cost	<u>1,771,427</u>	<u>209,841</u>	<u>265,957</u>	<u>2,247,225</u>
Less Accumulated Depreciation	<u>( 172,137)</u>	<u>( 147,057)</u>	<u>( 163,976)</u>	<u>( 483,170)</u>
Net	<u>\$1,599,290</u>	<u>\$ 62,784</u>	<u>\$ 101,981</u>	<u>\$1,764,055</u>

The components of the Agency's accumulated depreciation at September 30, 2009 are as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Balance Beginning of Year	\$ 120,420	\$ 186,655	\$ 223,704	\$ 530,779
Current Year Depreciation	51,717	8,267	30,341	90,325
Less Disposals	<u>--</u>	<u>( 47,865)</u>	<u>( 90,069)</u>	<u>( 137,934)</u>
Balance End of Year	<u>\$ 172,137</u>	<u>\$ 147,057</u>	<u>\$ 163,976</u>	<u>\$ 483,170</u>

NOTE 6 - REVENUE BOND

The following is a summary of the revenue bond payable and related information at September 30, 2009:

Revenue bond payable	<u>\$ 1,369,797</u>
----------------------	---------------------

The revenue bond was issued in December, 2008 in the amount of \$1,400,000. The bond was issued to finance the acquisition of land and a building to house the Agency's operations and is collateralized by a mortgage agreement on the Agency's real estate. The bond matures in 240 equal monthly installments of \$10,408, including interest at 6.5% per annum, through December, 2028.



NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2009

NOTE 6 - REVENUE BOND - Continued

The principal and interest payments required on the bond for the next five and subsequent years are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 36,947	\$ 87,949	\$ 124,896
2011	39,422	85,474	124,896
2012	42,062	82,834	124,896
2013	44,879	80,017	124,896
2014	47,885	77,011	124,896
2015-2019	292,044	332,438	624,482
2020-2024	403,844	220,638	624,482
2025-2029	462,714	68,096	530,810
	<u>\$ 1,369,797</u>	<u>\$ 1,034,457</u>	<u>\$ 2,404,254</u>

NOTE 7 - LEASE COMMITMENT

New Opportunities, Inc. leases office space under operating leases which may be canceled by either party by giving written notice ranging from sixty to ninety days of their intention to vacate the lease. The Agency also leases a vehicle, copy machines, mailing systems, and a phone system under non-cancelable operating leases expiring through June, 2014.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2009 are as follows:

<u>Year Ending September 30,</u>	
2010	\$ 43,850
2011	43,850
2012	43,850
2013	30,994
2014	<u>25,431</u>
Total minimum future rental payments	<u>\$ 187,975</u>

Rental expense under all operating leases for the year ended September 30, 2009 totaled approximately \$44,600.

NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2009

NOTE 8 - PENSION AND RETIREMENT BENEFITS

Iowa Public Employees Retirement System

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.30% (was 4.10% through June 30, 2009) of their annual salary and the Agency is required to contribute 6.65% (was 6.35% through June 30, 2009) of annual covered payroll. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the years ended September 30, 2009, 2008, and 2007 were approximately \$184,400, \$163,300, and \$148,200, respectively, equal to the required contribution for that year.

Tax-Sheltered Annuity

The Agency has established a tax-sheltered annuity arrangement. The plan is available to all employees with one year of service, and a minimum of 1,000 hours of service in a twelve-month period of time.

Under the terms of the plan, the Agency contributes an amount equal to 2 percent of the annual salary for each employee participating in the plan who elected not to participate in IPERS when the Agency began contributing to IPERS in October, 1996 (covered payroll). Each plan participant must contribute 1 percent of their annual salary and all such payments are accumulated and invested for individual participants of the plan. Amounts credited to individual participants are 100 percent vested immediately. The accumulated monies are paid upon a participant's retirement or termination.

For the year ended September 30, 2009, the Agency's contributions amounted to \$606 which is 2 percent of its current year covered payroll of \$30,202. Employees' contributions of all participants amounted to \$2,642. The Agency's total current year payroll for all employees was \$2,955,873.

NEW OPPORTUNITIES, INC.  
Notes to Financial Statements  
September 30, 2009

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Line of Credit

The Agency has established two separate open-end lines of credit with a local bank, each with a face amount of \$100,000. The agreements expire in March, 2010.

Federal Assistance Grants

New Opportunities, Inc. receives a significant portion of its revenues from government grants and contracts, all of which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits, therefore no liability is accrued on these financial statements.

Agency Risk Management

New Opportunities, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Subsequent Event

The Agency has evaluated all subsequent events through January 14, 2010, the date the financial statements were available to be issued.

\* \* \*

## SUPPLEMENTAL INFORMATION

NEW OPPORTUNITIES, INC.  
Schedule of Activities - Program Funds  
Year Ended September 30, 2009

	Head Start - Early Head Start	Head Start - Early Head Start - ARRA	Early Head Start Empowerment
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	1,967,090	43,121	--
Iowa Department of Public Health	--	--	--
Iowa Department of Education	81,416	--	--
Iowa Department of Human Services	--	--	--
Iowa Department of Economic Development	--	--	--
U.S. Department of Homeland Security	--	--	--
Various	--	--	86,322
In-Kind Contributions	768,155	--	--
Public Support and Contributions	--	--	--
Co-funding	--	--	13,585
Investment income	--	--	--
Miscellaneous	--	--	--
Total Revenues	2,816,661	43,121	99,907
Expenditures:			
Salaries and wages	963,530	30,590	55,611
Fringe benefits	284,566	6,147	12,712
Assistance to individuals	--	--	--
Professional fees and contracted services	57,606	--	14,158
Travel	128,335	--	5,397
Occupancy	107,521	--	--
Utilities and telephone	37,405	--	--
Supplies and materials	197,573	--	2,184
Equipment	20,457	--	--
Printing, publications and postage	8,703	--	--
Insurance	13,976	--	--
Miscellaneous	58,213	961	--
Co-Funding	--	--	--
In-Kind:			
Labor	124,452	--	--
Materials and other	643,703	--	--
Total Expenditures Before Allocation of Indirect Costs	2,646,040	37,698	90,062
Allocation of Indirect Costs	170,621	5,423	9,845
Total Expenditures	2,816,661	43,121	99,907
Excess of Revenues Over Expenditures (Expenditures Over Revenues)	--	--	--
Net Assets (Liabilities) at Beginning of Year	--	--	9,482
Net Assets (Liabilities) at End of Year	\$ --	\$ --	\$ 9,482

(continued next page)

<u>Immigration Advocacy</u>	<u>CSBG</u>	<u>CSBG - ARRA</u>	<u>County Outreach</u>	<u>County Outreach - ARRA</u>
\$ --	\$ 247,590	\$ 46,092	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	3,256	--
--	--	--	--	--
--	--	--	19,260	10,727
45,706	--	--	--	--
--	--	--	--	--
8,644	--	--	206,444	--
--	--	--	67,037	--
--	--	--	14	--
--	--	--	50	--
54,350	247,590	46,092	296,061	10,727
25,779	43,166	--	86,726	--
6,662	12,132	--	27,260	--
--	--	--	94,127	10,727
500	2,245	--	15	--
5,675	14,988	--	17,985	--
1,768	1,656	--	24,250	--
1,576	1,739	--	16,061	--
205	7,652	--	10,642	--
4	41,613	--	630	--
954	1,214	--	726	--
30	101	--	880	--
1,550	10,102	133	1,433	--
--	101,704	45,959	--	--
--	--	--	--	--
--	--	--	--	--
44,703	238,312	46,092	280,735	10,727
4,565	9,278	--	15,361	--
49,268	247,590	46,092	296,096	10,727
5,082	--	--	( 35)	--
( 823)	--	--	( 38,671)	--
\$ 4,259	\$ --	\$ --	\$ ( 38,706)	\$ --

NEW OPPORTUNITIES, INC.  
Schedule of Activities - Program Funds - Continued  
Year Ended September 30, 2009

	Housing Program	CACFP	WIC
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	--	--	434,312
Iowa Department of Education	--	495,604	--
Iowa Department of Human Services	--	--	--
Iowa Department of Economic Development	81,498	--	--
U.S. Department of Homeland Security	--	--	--
Various	--	--	--
In-Kind Contributions	--	--	--
Public Support and Contributions	--	--	--
Co-funding	--	--	--
Investment income	--	--	--
Miscellaneous	--	12	1,688
	<hr/>	<hr/>	<hr/>
Total Revenues	81,498	495,616	436,000
Expenditures:			
Salaries and wages	--	35,247	192,288
Fringe benefits	--	11,512	57,128
Assistance to individuals	--	406,849	--
Professional fees and contracted services	79,406	--	39,633
Travel	--	10,806	15,617
Occupancy	--	2,512	12,482
Utilities and telephone	--	1,728	4,172
Supplies and materials	--	16,061	36,149
Equipment	--	--	1,749
Printing, publications and postage	--	2,713	4,130
Insurance	--	103	1,857
Miscellaneous	2,092	1,842	36,744
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	--	--	--
	<hr/>	<hr/>	<hr/>
Total Expenditures Before Allocation of Indirect Costs	81,498	489,373	401,949
Allocation of Indirect Costs	--	6,243	34,051
	<hr/>	<hr/>	<hr/>
Total Expenditures	81,498	495,616	436,000
Excess of Revenues Over Expenditures (Expenditures Over Revenues)	--	--	--
Net Assets (Liabilities) at Beginning of Year	( 16,374)	( 9,786)	102
Net Assets (Liabilities) at End of Year	<u>\$( 16,374)</u>	<u>\$( 9,786)</u>	<u>\$ 102</u>

(continued next page)

## Schedule 1

<u>Child Health</u>	<u>Dental Health</u>	<u>Maternal Health</u>	<u>Family Planning</u>	<u>Hawk-I</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
107,877	9,289	48,629	34,117	13,365
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	1,997	--
--	52	--	--	419
--	--	--	--	--
<u>37,308</u>	<u>--</u>	<u>41,583</u>	<u>54,962</u>	<u>--</u>
145,185	9,341	90,212	91,076	13,784
84,569	--	53,373	8,561	2,034
25,602	--	16,290	1,569	519
--	--	--	--	--
4,319	9,289	1,200	3,076	7,254
2,742	--	2,401	3,609	700
905	31	1,789	394	--
3,175	--	968	2,075	--
3,089	11	3,136	44,507	2,750
382	--	5	5	--
2,004	6	397	1,590	246
1,341	--	596	482	--
2,083	4	1,614	2,139	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
130,211	9,341	81,769	68,007	13,503
<u>14,974</u>	<u>--</u>	<u>9,449</u>	<u>23,069</u>	<u>360</u>
<u>145,185</u>	<u>9,341</u>	<u>91,218</u>	<u>91,076</u>	<u>13,863</u>
--	--	( 1,006)	--	( 79)
<u>( 25,483)</u>	<u>--</u>	<u>( 16,485)</u>	<u>( 14,239)</u>	<u>( 89)</u>
<u><u>\$ ( 25,483)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ ( 17,491)</u></u>	<u><u>\$ ( 14,239)</u></u>	<u><u>\$ ( 168)</u></u>



NEW OPPORTUNITIES, INC.  
Schedule of Activities - Program Funds - Continued  
Year Ended September 30, 2009

	<u>Immunization</u>	<u>Pregnancy Prevention</u>	<u>I-Smile</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	21,717	--	75,581
Iowa Department of Education	--	--	--
Iowa Department of Human Services	--	67,507	--
Iowa Department of Economic Development	--	--	--
U.S. Department of Homeland Security	--	--	--
Various	--	--	--
In-Kind Contributions	--	--	--
Public Support and Contributions	--	--	--
Co-funding	--	--	40,000
Investment income	--	--	--
Miscellaneous	--	--	85,051
	<hr/>	<hr/>	<hr/>
Total Revenues	21,717	67,507	200,632
Expenditures:			
Salaries and wages	1,072	31,311	121,138
Fringe benefits	278	10,056	32,963
Assistance to individuals	--	--	--
Professional fees and contracted services	14,823	--	265
Travel	94	2,554	10,950
Occupancy	--	649	1,749
Utilities and telephone	85	954	1,655
Supplies and materials	4,976	15,513	9,533
Equipment	--	2	205
Printing, publications and postage	52	17	351
Insurance	--	108	201
Miscellaneous	--	800	1,283
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	--	--	--
	<hr/>	<hr/>	<hr/>
Total Expenditures Before Allocation of Indirect Costs	21,380	61,964	180,293
Allocation of Indirect Costs	<hr/> 190	<hr/> 5,543	<hr/> 21,448
Total Expenditures	<hr/> 21,570	<hr/> 67,507	<hr/> 201,741
Excess of Revenues Over Expenditures (Expenditures Over Revenues)	147	--	( 1,109)
Net Assets (Liabilities) at Beginning of Year	( 125)	54	707
Net Assets (Liabilities) at End of Year	<u>\$ 22</u>	<u>\$ 54</u>	<u>\$( 402)</u>

(continued next page)



NEW OPPORTUNITIES, INC.  
Schedule of Activities - Program Funds - Continued  
Year Ended September 30, 2009

	<u>Child Lead</u>	<u>Substance Abuse Prevention</u>	<u>Substance Abuse Treatment</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	37,815	195,953	362,342
Iowa Department of Education	--	--	--
Iowa Department of Human Services	--	62,325	--
Iowa Department of Economic Development	--	--	--
U.S. Department of Homeland Security	--	--	--
Various	--	--	10,900
In-Kind Contributions	--	10,992	--
Public Support and Contributions	--	104,372	30,313
Co-funding	10,000	13,570	--
Investment income	--	--	--
Miscellaneous	<u>7,938</u>	<u>40,636</u>	<u>141,618</u>
Total Revenues	55,753	427,848	545,173
Expenditures:			
Salaries and wages	28,518	191,150	239,156
Fringe benefits	7,557	64,008	72,379
Assistance to individuals	--	--	( 77)
Professional fees and contracted services	4,642	4,085	1,846
Travel	510	23,219	17,571
Occupancy	4,283	12,908	24,528
Utilities and telephone	1,430	11,975	12,615
Supplies and materials	767	39,708	18,108
Equipment	852	505	1,432
Printing, publications and postage	1,123	4,237	5,617
Insurance	851	1,650	2,872
Miscellaneous	847	6,097	15,382
Co-Funding	--	--	--
In-Kind:			
Labor	--	10,992	--
Materials and other	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures Before Allocation of Indirect Costs	51,380	370,534	411,429
Allocation of Indirect Costs	<u>5,050</u>	<u>33,870</u>	<u>42,346</u>
Total Expenditures	<u>56,430</u>	<u>404,404</u>	<u>453,775</u>
Excess of Revenues Over Expenditures (Expenditures Over Revenues)	( 677)	23,444	91,398
Net Assets (Liabilities) at Beginning of Year	<u>13,133</u>	<u>12,199</u>	<u>85,160</u>
Net Assets (Liabilities) at End of Year	<u>\$ 12,456</u>	<u>\$ 35,643</u>	<u>\$ 176,558</u>

See accompanying independent auditor's report.

Childhood Empowerment	Other	Total
\$ --	\$ --	\$ 4,036,714
--	--	2,010,211
--	--	1,340,997
840,046	--	1,417,066
64,977	82,110	280,175
--	--	81,498
--	--	29,987
--	92,115	235,043
--	--	779,147
--	324,494	676,264
--	3,000	147,663
1,406	--	1,420
<u>--</u>	<u>200,600</u>	<u>611,446</u>
906,429	702,319	11,647,631
70,688	267,342	2,630,321
20,995	84,287	785,474
--	95,803	4,078,268
798,085	29,140	1,075,366
4,821	14,979	285,774
1,812	46,188	253,064
1,670	10,909	115,844
2,556	69,846	494,810
364	5,557	136,363
132	2,642	41,027
608	4,985	52,518
1,981	36,827	189,181
--	--	147,663
--	--	135,444
<u>--</u>	<u>--</u>	<u>643,703</u>
903,712	668,505	11,064,820
<u>2,800</u>	<u>24,133</u>	<u>456,048</u>
<u>906,512</u>	<u>692,638</u>	<u>11,520,868</u>
( 83)	9,681	126,763
<u>--</u>	<u>69,790</u>	<u>68,552</u>
<u>\$( 83)</u>	<u>\$ 79,471</u>	<u>\$ 195,315</u>

NEW OPPORTUNITIES, INC.  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2009

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant or Program Number
U.S. Department of Health and Human Services		
Direct Programs		
Head Start Program	93.600	07CH 6107/42
Head Start Program	93.600	07CH 6107/43
Early Head Start	93.600	07CH 6107/42
Early Head Start	93.600	07CH 6107/43
Head Start Program - ARRA	93.708	07SE 6107/01
Early Head Start - ARRA	93.708	07SE 6107/01
<i>Subtotal Direct Programs</i>		
Indirect Programs		
Iowa Department of Human Rights		
Community Services Block Grant	93.569	CSBG 09-01CB
Community Services Block Grant - ARRA	93.710	CSBG-R9-01
Low-Income Home Energy Assistance Program	93.568	LIHEAP-09-01-B
Weatherization Assistance	93.568	HEAP 08-01B
Weatherization Assistance	93.568	HEAP 09-01B
Iowa Department of Public Health		
Maternal Health	93.994	5889 MH07
Child Health	93.994	5889 MH07
Dental Health	93.994	5889 MH07
Family Planning	93.217	5889 MH07
I-4 Project (Immunization)	93.268	5888 I422
I-4 Project (Immunization)	93.268	5889 I422
Comprehensive Substance Abuse Prevention	93.959	5889 CP04
Comprehensive Substance Abuse Prevention	93.959	5880 CP04
Substance Abuse Prevention and Treatment Block Grant	93.959	
Substance Abuse Prevention and Treatment Block Grant	93.959	
Iowa Department of Human Services		
Child Care Resource and Referral	93.575	
Child Care Resource and Referral	93.575	
Community for Adolescent Pregnancy Prevention	93.558	BDPS-06-062
Community for Adolescent Pregnancy Prevention	93.558	BDPS-06-062
Social Services Block Grant	93.667	V2008-05-05
Promoting Safe and Stable Families	93.556	BDPS-07-025
Iowa Department of Education		
Early Childhood Funds Under Empowerment	93.558	
Early Childhood Funds Under Empowerment	93.558	
<i>Subtotal Indirect Programs</i>		
<i>Total U.S. Department of Health and Human Services</i>		
U.S. Department of Homeland Security		
Direct Programs		
Emergency Food and Shelter Program	97.024	
Emergency Food and Shelter Program - ARRA	97.114	
<i>Total U.S. Department of Homeland Security</i>		

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
12/01/07 - 11/30/08	\$ 356,523
12/01/08 - 11/30/09	1,183,911
12/01/07 - 11/30/08	87,930
12/01/08 - 11/30/09	338,726
06/01/09 - 09/30/10	31,881
06/01/09 - 09/30/10	<u>11,240</u>
	2,010,211
10/01/08 - 09/30/09	247,590
04/10/09 - 09/30/10	46,092
10/01/08 - 09/30/09	2,537,234
01/01/08 - 12/31/08	104,689
01/01/09 - 12/31/09	327,255
10/01/08 - 09/30/09	31,791
10/01/08 - 09/30/09	42,671
10/01/08 - 09/30/09	6,063
10/01/08 - 09/30/09	34,117
01/15/08 - 12/31/08	6,165
01/01/09 - 12/31/09	10,552
07/01/08 - 06/30/09	35,306
07/01/09 - 06/30/10	10,436
07/01/08 - 06/30/09	30,180
07/01/09 - 12/31/09	32,033
07/01/08 - 06/30/09	56,622
07/01/09 - 06/30/10	15,006
07/01/08 - 06/30/09	53,146
07/01/09 - 06/30/10	14,361
07/01/08 - 06/30/09	1,303
10/01/08 - 09/30/09	11,349
07/01/08 - 06/30/09	44,320
07/01/09 - 06/30/10	<u>13,864</u>
	<u>3,712,145</u>
	5,722,356
01/01/09 - 12/31/09	19,260
01/01/09 - 12/31/09	<u>10,727</u>
	29,987

NEW OPPORTUNITIES, INC.  
Schedule of Expenditures of Federal Awards - continued  
Year Ended September 30, 2009

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant or Program Number
U.S. Department of Energy		
Indirect Programs		
Iowa Department of Human Rights		
Weatherization Assistance	81.042	DOE 08-01 B
Weatherization Assistance	81.042	DOE 09-01 B
Weatherization Assistance - ARRA	81.042	DOE-ARRA-09-01 B
<i>Total U.S. Department of Energy</i>		
U.S. Department of Agriculture		
Indirect Programs		
Iowa Department of Public Health		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5889 A033
Iowa Department of Education		
Child and Adult Care Food Program (Day Care Homes)	10.558	14-8015
Child and Adult Care Food Program (Head Start)	10.558	14-8010
<i>Total U.S. Department of Agriculture</i>		
U.S. Department of Housing and Urban Development		
Indirect Program		
Iowa Department of Economic Development		
Home Investment Partnership Program	14.239	05 HM 307
Community Development Block Grants	14.218	08-CF-002-05
<i>Total U.S. Department of Housing and Urban                 Development</i>		
U.S. Department of Justice		
Indirect Program		
Iowa Department of Corrections		
Prisoner Reentry Initiative Demonstration	16.202	
Prisoner Reentry Initiative Demonstration	16.202	
<i>Total U.S. Department of Justice</i>		
Total Expenditures of Federal Awards		

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of New Opportunities, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

See accompanying independent auditor's report.

<u>Period of Grant</u>	<u>Federal Expenditures</u>
04/01/08 - 03/31/09	\$ 70,721
04/01/09 - 03/31/11	293,169
04/01/09 - 03/31/12	<u>175,663</u>
	539,553
10/01/08 - 09/30/09	434,312
10/01/08 - 09/30/09	495,604
10/01/08 - 09/30/09	<u>81,416</u>
	1,011,332
03/10/00 - 02/28/09	81,498
04/01/08 - 06/30/09	<u>42,331</u>
	123,829
07/01/08 - 06/30/09	2,625
07/01/09 - 06/30/10	<u>2,047</u>
	<u>4,672</u>
	<u>\$ 7,431,729</u>



NEW OPPORTUNITIES, INC.  
Schedule of Revenues and Expenditures Compared to Budget  
Community Services Block Grants  
Year Ended September 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number CSBG 09-01CB</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 247,590	\$ 247,590	\$ --
Program Expenditures:			
Personnel	\$ 53,813	\$ 55,298	\$( 1,485)
Travel	14,704	14,988	( 284)
Space Costs	1,525	1,463	62
Equipment	47,197	41,613	5,584
Co-Funded Programs	101,319	101,704	( 385)
Other Costs	20,005	23,246	( 3,241)
Indirect Costs	9,027	9,278	( 251)
Total Expenditures	<u>\$ 247,590</u>	<u>\$ 247,590</u>	<u>\$ --</u>
<u>Contract Number CSBG-R9-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 367,387	\$ 46,092	\$ 321,295
Program Expenditures:			
Equipment	\$ 10,000	\$ --	\$ 10,000
Co-Funded Programs	168,461	45,959	122,502
New CSBG ARRA Programs	188,926	133	188,793
Total Expenditures	<u>\$ 367,387</u>	<u>\$ 46,092</u>	<u>\$ 321,295</u>

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.  
Schedule of Revenues and Expenditures Compared to Budget  
Low-Income Home Energy Assistance Program  
Year Ended September 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number LIHEAP-09-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 2,629,374	\$ 2,537,234	\$ 92,140
Program Expenditures:			
Regular Assistance	\$ 2,006,829	\$ 1,967,189	\$ 39,640
Energy Crisis Intervention Payments	121,917	69,447	52,470
Client Services	28,204	28,204	--
Summer Deliverable Fuel Program	329,863	329,863	--
Administration Costs	142,561	142,531	30
Total Expenditures	\$ 2,629,374	\$ 2,537,234	\$ 92,140

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.  
Schedule of Revenues and Expenditures Compared to Budget  
Weatherization Assistance Programs  
Year Ended September 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number HEAP 08-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 206,443	\$ 104,689	\$ 101,754
Program Expenditures:			
Administration Costs	\$ 3,467	\$( 1,992)	\$ 5,459
Weatherization Materials	71,927	2,109	69,818
Support Costs	12,904	47,304	( 34,400)
Labor	58,092	19,036	39,056
Health and Safety	32,084	11,426	20,658
Equipment and Training	19,331	18,168	1,163
Pollution Occurrence Insurance	8,638	8,638	--
Total Expenditures	<u>\$ 206,443</u>	<u>\$ 104,689</u>	<u>\$ 101,754</u>
<u>Contract Number HEAP 09-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 427,942	\$ 327,255	\$ 100,687
Program Expenditures:			
Administration Costs	\$ 22,578	\$ 5,922	\$ 16,656
Weatherization Materials	103,336	59,153	44,183
Support Costs	99,089	96,377	2,712
Labor	103,336	63,882	39,454
Health and Safety	76,440	89,691	( 13,251)
Equipment and Training	11,163	--	11,163
Pollution Occurrence Insurance	12,000	12,230	( 230)
Total Expenditures	<u>\$ 427,942</u>	<u>\$ 327,255</u>	<u>\$ 100,687</u>

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.  
Schedule of Revenues and Expenditures Compared to Budget  
Weatherization Assistance Programs  
Year Ended September 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number DOE 08-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 70,721	\$ 70,721	\$ --
Program Expenditures:			
Administration Costs	\$( 5,606)	\$( 6,559)	\$ 953
Weatherization Materials	16,709	35,482	( 18,773)
Support Costs	22,852	8,108	14,744
Labor	21,127	18,696	2,431
Health and Safety	15,639	14,994	645
Total Expenditures	\$ 70,721	\$ 70,721	\$ --
<u>Contract Number DOE 09-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 293,169	\$ 293,169	\$ --
Program Expenditures:			
Administration Costs	\$ 19,045	\$ 18,329	\$ 716
Weatherization Materials	74,115	63,043	11,072
Support Costs	71,069	89,062	( 17,993)
Labor	74,115	71,864	2,251
Health and Safety	54,825	50,871	3,954
Total Expenditures	\$ 293,169	\$ 293,169	\$ --
<u>Contract Number DOE-ARRA-09-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 1,752,337	\$ 175,663	\$ 1,576,674
Program Expenditures:			
Administration Costs	\$ 89,725	\$ 3,928	\$ 85,797
Administration - Equipment	183,520	59,716	123,804
Training and Technical Assistance	266,400	11,557	254,843
Weatherization Materials	327,427	40,535	286,892
Support Costs	315,300	21,403	293,897
Labor	327,427	38,524	288,903
Health and Safety	242,538	--	242,538
Total Expenditures	\$ 1,752,337	\$ 175,663	\$ 1,576,674

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.  
Schedule of Revenues and Expenditures Compared to Budget  
Weatherization Assistance Programs  
Year Ended September 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number AQU 08-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 4,256	\$ 4,256	\$ --
Program Expenditures:			
Administrative Costs	\$ 930	\$ 786	\$ 144
Weatherization Materials	626	1,542	( 916)
Support Costs	80	80	--
Labor	2,620	1,848	772
Total Expenditures	\$ 4,256	\$ 4,256	\$ --
<u>Contract Number IPL 08-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 21,641	\$ 21,641	\$ --
Program Expenditures:			
Administrative Costs	\$ 2,703	\$ 2,015	\$ 688
Weatherization Materials	5,970	9,107	( 3,137)
Support Costs	1,786	2,382	( 596)
Labor	11,182	8,137	3,045
Total Expenditures	\$ 21,641	\$ 21,641	\$ --
<u>Contract Number MEC 08-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 40,009	\$ 40,009	\$ --
Program Expenditures:			
Administrative Costs	\$ 2,857	\$ 1,361	\$ 1,496
Weatherization Materials	15,921	17,177	( 1,256)
Support Costs	3,102	4,582	( 1,480)
Labor	18,129	16,889	1,240
Total Expenditures	\$ 40,009	\$ 40,009	\$ --

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.  
Schedule of Revenues and Expenditures Compared to Budget  
Weatherization Assistance Programs  
Year Ended September 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number BHE 09-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 22,580	\$ 14,164	\$ 8,416
Program Expenditures:			
Administrative Costs	\$ 1,128	\$ --	\$ 1,128
Weatherization Materials	9,598	6,512	3,086
Support Costs	2,256	1,695	561
Labor	9,598	5,957	3,641
Total Expenditures	\$ 22,580	\$ 14,164	\$ 8,416
<u>Contract Number IPL 09-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 51,249	\$ 51,249	\$ --
Program Expenditures:			
Administrative Costs	\$ 2,562	\$ 2,540	\$ 22
Weatherization Materials	21,781	22,314	( 533)
Support Costs	5,125	5,118	7
Labor	21,781	21,277	504
Total Expenditures	\$ 51,249	\$ 51,249	\$ --
<u>Contract Number MEC 09-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 102,982	\$ 102,982	\$ --
Program Expenditures:			
Administrative Costs	\$ 5,150	\$ 4,976	\$ 174
Weatherization Materials	43,767	42,471	1,296
Support Costs	10,298	10,294	4
Labor	43,767	45,241	( 1,474)
Total Expenditures	\$ 102,982	\$ 102,982	\$ --

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.  
Schedule of Revenues and Expenditures  
Administrative Fund  
Year Ended September 30, 2009

	<u>Miscellaneous</u>	<u>Indirect Cost Pool</u>	<u>Total</u>
Revenues:			
Governmental Funding Sources	\$ 42,331	\$ --	\$ 42,331
Public Support and Contributions	1,237	--	1,237
Investment Income	89,639	--	89,639
Rental Income	73,600	--	73,600
Miscellaneous	<u>23,416</u>	<u>1,800</u>	<u>25,216</u>
Total Revenues	<u>\$ 230,223</u>	<u>\$ 1,800</u>	<u>\$ 232,023</u>
Expenditures:			
Salaries and Wages	\$ 11,034	\$ 314,518	\$ 325,552
Fringe Benefits	--	97,322	97,322
Professional Fees and Contracted Services	45,389	36,559	81,948
Travel	( 33)	17,056	17,023
Occupancy	6,527	14,113	20,640
Utilities and Telephone	--	9,352	9,352
Supplies and Materials	5,763	20,104	25,867
Buildings and Equipment	1,429,545	( 9,697)	1,419,848
Printing, Publications and Postage	12	6,019	6,031
Insurance	--	14,736	14,736
Miscellaneous	<u>70,919</u>	<u>16,023</u>	<u>86,942</u>
Total Expenditures Before Allocation of Indirect Costs	1,569,156	536,105	2,105,261
Allocation of Indirect Costs	<u>--</u>	<u>( 456,048)</u>	<u>( 456,048)</u>
Total Expenditures	<u>\$ 1,569,156</u>	<u>\$ 80,057</u>	<u>\$ 1,649,213</u>

See accompanying independent auditor's report.

## COMMENTS AND RECOMMENDATIONS



# Gronewold, Bell, Kyhnn & Co. P.C.

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## 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 of  
New Opportunities, Inc.  
Carroll, Iowa

We have audited the financial statements of New Opportunities, Inc. as of and for the year ended September 30, 2009, and have issued our report thereon dated January 14, 2010. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Opportunities, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of New Opportunities, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably, in accordance with accounting principles generally accepted in the United States of America, such that there is more than a remote likelihood a misstatement of the Agency's financial statements, that is more than inconsequential, will not be prevented or detected by the Agency's internal control.

To the Board of Directors of  
New Opportunities, Inc.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Opportunities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Agency's operations for the year ended September 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of New Opportunities, Inc. and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Gronewold, Bell, Kylin & W. P. C.*

Atlantic, Iowa  
January 14, 2010

# Gronewold, Bell, Kyhnn & Co. P.C.

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## Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Directors of  
New Opportunities, Inc.  
Carroll, Iowa

### Compliance

We have audited the compliance of New Opportunities, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended September 30, 2009. New Opportunities, Inc.'s major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs is the responsibility of New Opportunities, Inc.'s management. Our responsibility is to express an opinion on New Opportunities, Inc.'s compliance based on our audit.

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 New Opportunities, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on New Opportunities, Inc.'s compliance with those requirements.

In our opinion, New Opportunities, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2009.

To the Board of Directors of  
New Opportunities, Inc.

Internal Control Over Compliance

The management of New Opportunities, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered New Opportunities, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 New Opportunities, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Agency's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

A control deficiency in the Agency's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Agency's internal control.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of New Opportunities, Inc. and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Donald Bill Thyer & Co. P.C.*

Atlantic, Iowa  
January 14, 2010

NEW OPPORTUNITIES, INC.  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2009

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 93.600 - Head Start Program
  - CFDA Number 93.568 - Low-Income Home Energy Assistance Program
  - CFDA Number 81.042 - Weatherization Assistance
  - CFDA Number 10.557 - Special Supplemental Nutrition Program for Women, Infants and Children
  - CFDA Number 10.558 - Child and Adult Care Food Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) New Opportunities, Inc. did not qualify as a low-risk auditee.

NEW OPPORTUNITIES, INC.  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2009

Part II: Findings Related to the Financial Statements:

No findings noted for the year ended September 30, 2009.

Part III: Findings and Questioned Costs For Federal Awards:

No findings noted for the year ended September 30, 2009.

Part IV: Other Findings Related to Required Statutory Reporting:

No matters were noted for the year ended September 30, 2009.

\* \* \*