

**Northeast Florida Community
Action Agency, Inc.
Retirement Plan and Trust**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE**

September 30, 2017 and 2016



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**Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust
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September 30, 2017**

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Note: Other schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA") have been omitted because the conditions under which they are required are not present.



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INDEPENDENT AUDITORS' REPORT

To the Trustees of Northeast Florida
Community Action Agency, Inc.
Retirement Plan and Trust
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Northeast Florida Community Action Agency, Inc. Retirement Plan and Trust (the "Plan"), which comprise the statements of net assets available for benefits as of September 30, 2017 and 2016, the statement of changes in net assets available for benefits for the year ended September 30, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan'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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of September 30, 2017 and 2016, and the changes in its net assets available for benefits for the year ended September 30, 2017 in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets held at end of year, referred to as "supplemental information," is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama

July 12, 2018

**Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust
Statements of Net Assets Available for Benefits**

<i>September 30,</i>	2017	2016
Assets		
Investments, at fair value		
Cash and cash equivalents	\$ 442,969	\$ 491,598
U.S. treasuries	271,511	-
Corporate bonds	492,310	479,895
Common stock	1,053,688	1,215,189
Total investments, as fair value	2,260,478	2,186,682
Receivables		
Employer contributions receivable	72,763	79,870
Other receivables	5,946	6,835
Total receivables	78,709	86,705
Total assets	2,339,187	2,273,387
Liabilities		
Other liabilities	-	38,275
Net Assets Available for Benefits	\$ 2,339,187	\$ 2,235,112

The accompanying notes are an integral part of these financial statements.

**Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust
Statement of Changes in Net Assets Available for Benefits**

<i>Year ended September 30,</i>	2017
Additions to Net Assets Attributed to:	
Investment income	
Net appreciation in fair value of investments	\$ 127,367
Interest	20,995
Dividends	32,542
Total investment income	180,904
Employer contributions	72,763
Total additions	253,667
Deductions from Net Assets Attributed to:	
Benefits paid directly to participants	123,504
Administrative fees	24,350
Foreign taxes	1,738
Total deductions	149,592
Net Increase	104,075
Net Assets Available for Benefits:	
Beginning of year	2,235,112
End of year	\$ 2,339,187

The accompanying notes are an integral part of these financial statements.

Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust
Notes to Financial Statements

NOTE 1 – DESCRIPTION OF PLAN

The following description of the Northeast Florida Community Action Agency, Inc. Retirement Plan and Trust (the “Plan”) provides only general information. Participants should refer to the Plan agreement for a more comprehensive description of the Plan’s provisions.

General

Northeast Florida Community Action Agency, Inc. (the “Agency” or "employer") established the Plan to recognize and reward the contribution of its employees for the successful operation of the Agency. The Plan became effective for the year October 1, 1987 through September 30, 1988 (initial year). The Plan was created for the exclusive benefit of the participants and their beneficiaries.

Eligibility for Participation

The Plan is a profit sharing plan covering all employees of the Agency who have completed one year of service and are working or have worked at least 1,000 hours per year. Eligibility is effective as of the first day of the Plan year nearest the date on which the participant completes one year of service, regardless of age.

Vesting

A participant shall vest in discretionary employer contributions in accordance with the following schedule:

Years of Service	Percentage
2	20%
3	40%
4	60%
5	80%
6 or more	100%

Should the Plan be fully or partially terminated by the employer, all participants’ accounts shall become fully vested. In such an event, the employer, by written notice to the trustee and administrator, may direct either:

- a. Complete distribution of the assets in the trust fund to the participants in cash or in kind, or
- b. Continuation of the trust and distribution of benefits at such time and in such manner as though the Plan had not been terminated.

Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust
Notes to Financial Statements

NOTE 1 – DESCRIPTION OF PLAN (Continued)

Administrative Expenses

Expenses attributable to general Plan administration shall be paid by the Plan and allocated among the accounts of all participants in proportion to their account balances unless paid by the Agency. During the year ended September 30, 2017, expenses of \$24,350 were paid by the Plan and allocated to participant accounts.

Participant Accounts

Each participant's account is credited with allocations of (a) the employer's contributions and, (b) Plan earnings, and reduced for any Plan losses and administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Contributions

Contributions to the Plan are discretionary and are determined by the employer on an annual basis. These contributions are non-participant directed and are invested in a trust account for the benefit of the participants.

Contributions and forfeitures of nonvested amounts are allocated in proportion to compensation. Investment earnings or losses are allocated in proportion to beginning account balances before allocation of employer contributions or forfeitures. Contributions of \$72,763 were recorded for the year ended September 30, 2017.

Distribution of Benefits

Upon attainment of the normal retirement age (65) or total disability, a participant's account becomes fully vested and is payable in either a lump sum or periodic payments at the election of the participant. Upon death, the account becomes fully vested and is distributed in a lump sum amount. If a participant should terminate employment before retirement age, then the participant shall receive a proportion of the amount accumulated in his or her account depending on years of service completed at that date. Vested amounts not exceeding \$3,500 will be paid currently as a lump sum, and amounts in excess of \$3,500 may be deferred until retirement age or until death or total disability.

Forfeitures

Non-vested benefits of terminated participants are forfeited on the date the participant receives a complete distribution of vested benefits. Forfeitures may be made available to reinstate previously forfeited account balances of former participants, be used to satisfy any contribution that may be required, or used to pay administrative expenses of the Plan. As of September 30, 2017 and 2016, the Plan had no forfeitures available to reinstate previously forfeited account balances of former participants, reduce future employer contributions, or pay administrative expenses of the Plan.

Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust
Notes to Financial Statements

NOTE 1 – DESCRIPTION OF PLAN (Continued)

Tax Status

The Plan has received a favorable determination letter from the Internal Revenue Service dated February 9, 1989. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Financial Accounting Standards Board (“FASB”) *Accounting Standards Codification* (“ASC”) establishes the source of authoritative accounting principles generally accepted in the United States of America (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. On the effective date, the ASC superseded all then-existing standards. The FASB updates the ASC through the use of FASB *Accounting Standards Updates* (“ASUs”). ASUs are not authoritative; rather they are documents that communicate how, why, and when the ASC is being amended.

The accompanying financial statements have been prepared on the accrual basis of accounting and are presented in conformity with GAAP.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants’ account balances and the amounts reported in the statements of net assets available for benefits.

Payment of Benefits

Distributions to participants are recorded when paid.

Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust
Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Received and Receivable

Employer contributions receivable consist of the amounts of profit sharing contributions to be paid to the Plan by the Employer.

Other Liabilities

Other liabilities are recorded in the statement of net assets available for benefits to represent disbursements made from the Plan on the last day of the Plan year for which related trades from investment funds had not settled.

Investment Valuation and Income Recognition

Investments are recorded at the fair value on the last business day of the Plan year. Quoted market prices and other observable inputs are used to value investments. Increases and decreases in market value of the instruments are reflected in the statement of changes in net assets available for benefits.

Purchases and sales of securities, including gains or losses, are recorded on a trade-date basis. Interest income is recorded when earned, and dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold, investments held during the year, and capital gains distributions for the registered investment company investments. Refer to Note 3 for disclosures about fair value.

Subsequent Events

The Plan applies the provisions of ASC 855, *Subsequent Events*, which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued. See Note 8.

NOTE 3 – FAIR VALUE MEASUREMENTS

The Plan applies FASB ASC 820, *Fair Value Measurements and Disclosures*, which establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust
Notes to Financial Statements

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; or
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of the input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents the fair value of the Plan's assets recorded at fair value on a recurring basis segregated among the appropriate levels within the fair value hierarchy of ASC 820:

	Total	Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2017				
Cash and cash equivalents	\$ 442,969	\$ 442,969	\$ -	\$ -
U.S. treasuries	271,511	-	271,511	-
Corporate bonds	492,310	326,927	165,383	-
Common stock	1,053,688	965,952	87,736	-
	\$ 2,260,478	\$ 1,735,848	\$ 524,630	\$ -
September 30, 2016				
Cash and cash equivalents	\$ 491,598	\$ 491,598	\$ -	\$ -
Corporate bonds	479,895	-	479,895	-
Common stock	1,215,189	1,215,189	-	-
	\$ 2,186,682	\$ 1,706,787	\$ 479,895	\$ -

Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust
Notes to Financial Statements

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following is a description of the valuation methodologies used for these items, as well as the general classification of such items pursuant to the fair value hierarchy of FASB ASC 820:

Cash and cash equivalents - The fair value of cash and cash equivalents is at the stated value at the Plan year end and are classified within Level 1 in the fair value hierarchy table above.

Corporate bonds & U.S. Treasuries - The fair value of corporate bonds and U.S. treasuries are valued based on the fair value of the underlying or similar investments using quoted prices reported on the active market on which the obligations are traded and is classified within Level 1 and Level 2 in the fair value hierarchy table above.

Common stock - The fair value of common stock is valued using quoted prices reported on the active market on which the stock is traded and are classified within Level 1 in the fair value hierarchy table above.

The Plan's policy is to recognize transfers between levels as of the date of the event or change in circumstances that caused the transfer. For the year ended September 30, 2017, there were no transfers between levels.

NOTE 4 – EMPLOYER CONTRIBUTIONS RECEIVABLE

The \$72,763 and \$79,870 employer contributions receivable represent the employer contributions approved by the Plan sponsor for the years ended September 30, 2017 and 2016, respectively. These contributions were deposited with the Plan trustee on May 17, 2018 and May 23, 2017, respectively.

NOTE 5 – PLAN TERMINATION

Although it has not expressed any intent to do so, the employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

NOTE 6 – PARTY-IN-INTEREST

The Plan invested in a money market fund offered by Charles Schwab Institutional, the trustee of the Plan, during the years ended September 30, 2017 and 2016. Additionally, as disclosed in Note 1, the Plan pays certain administration fees to the trustee. Therefore, these transactions qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules.



**Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust
Notes to Financial Statements**

NOTE 7 – INCOME TAXES

The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of September 30, 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan administrator is required to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions for tax years for which the applicable statutes of limitations have not expired; however, there are currently no audits for any tax periods in progress.

The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2013.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 12, 2018, the date the financial statements were available to be issued.

Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust Plan Number 001
EIN 59-1090517
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
September 30, 2017

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	* Charles Schwab Institutional	Schwab US Treas Money Fund (441,911 units)	\$ 441,911	\$ 441,911
	* Charles Schwab Institutional	Cash	1,058	1,058
	US Treasury Bill	UST Bill (272,000 units)	270,744	271,511
	AT&T Inc.	Corporate Bonds (5.500% due 02-01-18)	22,201	21,271
	Actuant Corp	Corporate Bonds (5.625% due 06-15-22)	21,734	21,368
	Best Buy Inc.	Corporate Bonds (5.000% due 08-01-18)	22,707	22,530
	Caleres Inc.	Corporate Bonds (6.250% due 08-15-23)	22,520	23,100
	Carrols Restaurant	Corporate Bonds (8.000% due 05-01-22)	29,683	28,654
	Central Garden	Corporate Bonds (6.125% due 11-15-23)	16,725	17,040
	Dollar General	Corporate Bonds (1.875% due 04-15-18)	21,075	21,007
	Dollar Tree	Corporate Bonds (5.250% due 03-01-20)	45,700	45,210
	Ecolab Inc.	Corporate Bonds (1.450% due 12-08-17)	22,055	21,996

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Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust Plan Number 001
EIN 59-1090517
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
September 30, 2017

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	Expedia Inc.	Corporate Bonds (7.456% due 08-15-18)	32,883	31,335
	FTI Consulting Inc	Corporate Bonds (6.000% due 11-15-22)	33,370	32,960
	Hospitality Prop	Corporate Bonds (6.700% due 01-15-18)	28,842	28,111
	Jabil Inc.	Corporate Bonds (6.250% due 03-15-18)	34,318	32,906
	Silgan Holdings LLC	Corporate Bonds (5.500% due 02-01-22)	42,653	42,128
	Total Systems	Corporate Bonds (2.375% due 06-01-18)	22,784	23,067
	Unit Corporation	Corporate Bonds (6.625% due 05-15-21)	31,159	37,092
	Wesco Distribution	Corporate Bonds (5.375% due 12-15-21)	14,324	15,469
	Wyndham Worldwide	Corporate Bonds (2.500% due 03-01-18)	27,215	27,066
	Amdocs Limited	Common Stock (910 units)	28,041	58,531
	Bank of NY Mellon Corp	Common Stock (846 units)	16,402	44,855
	Baldwin & Lyons, Inc.	Common Stock (2,220 units)	52,806	50,061

Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust Plan Number 001
EIN 59-1090517
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
September 30, 2017

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	Berkshire Hathaway B	Common Stock (515 units)	39,251	94,410
	Cisco Systems, Inc.	Common Stock (505 units)	11,405	16,983
	Corus Entertainment	Common Stock (6,430 units)	64,633	66,872
	Dominion Diamond Co	Common Stock (4,240 units)	42,678	60,123
	Dundee Corporation Class A	Common Stock (5,100 units)	21,876	13,178
	FRP Holdings	Common Stock (720 units)	33,456	32,580
	G.U.D. Holdings	Common Stock (3,950 units)	29,379	33,734
	HNZ Group Inc.	Common Stock (3,270 units)	33,554	33,442
	Hornbach Baumarkt Ord	Common Stock (1,427 units)	43,363	54,294
	Leucadia National Corp.	Common Stock (2,510 units)	49,547	63,377
	Oaktree Capital GP LLC Class A	Common Stock (1,060 units)	43,449	49,873
	Patterson-UTI Energy, Inc.	Common Stock (3,640 units)	71,290	76,222

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Northeast Florida Community Action Agency, Inc.
Retirement Plan and Trust Plan Number 001
EIN 59-1090517
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
September 30, 2017

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	Royal Mail PLC	Common Stock (12,700 units)	65,273	65,527
	Syntel Inc.	Common Stock (3,750 units)	73,862	71,526
	Teradata Corporation	Common Stock (2,290 units)	63,354	77,379
	Western Digital Corporation	Common Stock (490 units)	22,470	42,336
	Western Union Company	Common Stock (2,520 units)	43,936	48,385
			<u>\$ 2,055,686</u>	<u>\$ 2,260,478</u>

* A party-in-interest as defined by ERISA