

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
MARIETTA, OHIO**

AUDIT REPORT

MARCH 31, 2019

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
MARCH 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
Marietta, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of The Community Action Program Corporation of Washington-Morgan Counties, Ohio (a nonprofit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Action Program Corporation of Washington-Morgan Counties, Ohio as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, The Community Action Program Corporation of Washington-Morgan Counties, Ohio adopted Financial Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which was effective for the current fiscal year. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2019, on our consideration of The Community Action Program Corporation of Washington-Morgan Counties, Ohio'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 solely 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 effectiveness of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's 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 The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over financial reporting and compliance.



Wheeling, West Virginia
October 9, 2019

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019**

ASSETS

Cash	\$ 1,578,582
Savings and certificates of deposit	480,455
Grants and contracts receivable	382,556
Other receivables	126,189
Inventory	32,264
Prepaid expense	79,613
Fixed assets, net of accumulated depreciation of \$2,611,952	1,997,125
TOTAL ASSETS	\$ 4,676,784

LIABILITIES

Accounts payable	\$ 154,614
Funds due to grantor	66,305
Accrued payroll, benefits, and taxes	184,220
Accrued Health Benefits Reserve (MERP)	123,269
Accrued vacation and related benefits	432,052
Deferred revenue	258,542
Unearned program and management fees	5,823
Security/escrow deposits and funds held in trust	133,072
Mortgages payable - soft mortgages	607,916
Total liabilities	1,965,813

NET ASSETS

Net assets - without donor restrictions	2,468,130
Net assets - with donor restrictions	242,841
Total net assets	2,710,971
TOTAL LIABILITIES AND NET ASSETS	\$ 4,676,784

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2019**

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUES			
Federal grants and contracts	\$ 8,379,910	\$ -	\$ 8,379,910
State, local, and other grants and contracts	296,858	554,962	851,820
Fee-for-service and vendor contracts	990,237	-	990,237
Contributions	215,807	34,216	250,023
Program income, rents, and fees	276,080	-	276,080
Miscellaneous income	120,888	-	120,888
Interest income	4,683	-	4,683
Less net assets released from restriction	400,838	(400,838)	-
Total support and revenues	10,685,301	188,340	10,873,641
EXPENSES			
Program and corporate services	10,641,772	-	10,641,772
Management and general	239,909	-	239,909
Total expenses	10,881,681	-	10,881,681
Change in net assets	(196,380)	188,340	(8,040)
NET ASSETS, BEGINNING OF YEAR	2,664,510	54,501	2,719,011
NET ASSETS, END OF YEAR	\$ 2,468,130	\$ 242,841	\$ 2,710,971

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Senior and Community Services</u>	<u>Housing and Transportation</u>	<u>Employment and Training</u>	<u>Children's Programs</u>	<u>Health Programs</u>
EXPENDITURES					
Salaries and wages	\$ 1,076,656	\$ 476,144	\$ 278,025	\$ 1,412,245	\$ 184,469
Fringe benefits	456,445	232,973	89,505	631,893	94,534
Travel and transportation	102,581	9,352	10,997	46,179	2,995
Contractual	62,291	12,512	2,782	87,596	2,062
Communications	24,242	5,646	4,051	23,270	6,235
Occupancy, facility costs, and rents	307,301	8,376	3,798	67,199	29,617
Housing assistance payments	1,955,828	-	-	-	-
Insurances	33,933	48,413	6,527	45,121	15,300
Supplies	95,544	9,612	44,473	130,858	7,169
Equipment maintenance	52,830	18,462	25,083	38,701	5,020
Materials	-	107,116	-	-	-
Vehicle operations	17,028	56,461	3,569	720	-
Housing rehabilitation	-	82,921	-	-	-
Participant costs	223	-	275,245	-	-
Emergency assistance	592,045	-	-	-	-
Food costs	324,980	-	-	110,885	-
Other costs	63,682	17,130	604	9,510	-
Depreciation	-	-	-	-	-
Total expenditures	<u>\$ 5,165,609</u>	<u>\$ 1,085,118</u>	<u>\$ 744,659</u>	<u>\$ 2,604,177</u>	<u>\$ 347,401</u>

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

**The Community Action Program Corporation
of Washington-Morgan Counties Ohio
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Corporate Services</u>	<u>Total Program and Corporate Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
EXPENDITURES				
Salaries and wages	\$ 192,929	\$ 3,620,468	\$ 31,422	\$ 3,651,890
Fringe benefits	88,650	1,594,000	7,841	1,601,841
Travel and transportation	7,106	179,210	12,211	191,421
Contractual	3,362	170,605	922	171,527
Communications	1,655	65,099	568	65,667
Occupancy, facility costs, and rents	204,623	620,914	4,112	625,026
Housing assistance payments	7,512	1,963,340	-	1,963,340
Insurances	75,262	224,556	1,150	225,706
Supplies	2,379	290,035	8,185	298,220
Equipment maintenance	5,857	145,953	1,689	147,642
Materials	39,299	146,415	2,829	149,244
Vehicle operations	64,132	141,910	307	142,217
Housing rehabilitation	-	82,921	-	82,921
Participant costs	-	275,468	-	275,468
Emergency assistance	-	592,045	1,140	593,185
Food costs	-	435,865	444	436,309
Other costs	2,042	92,968	45,200	138,168
Depreciation	-	-	121,889	121,889
 Total expenditures	 <u>\$ 694,808</u>	 <u>\$ 10,641,772</u>	 <u>\$ 239,909</u>	 <u>\$ 10,881,681</u>

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (8,040)
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:	
Depreciation	121,889
Amortization of soft mortgages	(50,491)
Interest capitalized on certificates of deposit	(449)
Gain on sale of fixed assets	(150)
Changes in assets and liabilities:	
Prepaid expense	(21,149)
Grants and accounts receivable	(48,411)
Inventory	9,083
Accounts payable	(33,438)
Accrued payroll, benefits, and taxes	15,303
Accrued vacation	36,503
Accrued Health Benefits Reserve (MERP)	4,749
Unearned program and management fees	1,480
Security/escrow deposits and other funds held in trust	(2,489)
Funds due to grantor	35,716
Deferred revenue	(59,199)
Net cash provided by operating activities	<u>907</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Redemption (purchase) of certificates of deposit/savings	(1,480)
Proceeds from disposal of fixed assets	150
Purchase of fixed assets	(78,582)
Net cash used in investing activities	<u>(79,912)</u>
Decrease in cash	(79,005)
CASH, BEGINNING OF YEAR	<u>1,657,587</u>
CASH, END OF YEAR	<u><u>\$ 1,578,582</u></u>

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

**The Community Action Program Corporation
Of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 1 - ORGANIZATION

NATURE OF OPERATIONS - The Community Action Program Corporation of Washington-Morgan Counties, Ohio (Organization), a private non-profit, 501(c)(3) Ohio corporation, is established to identify and eliminate, insofar as possible, the causes of poverty among the low-income individuals and families of Washington and Morgan Counties. Towards this end, the Organization operates a variety of programs designed to empower individuals and families to have an impact on their lives. The Organization is an advocate in eliminating the causes of poverty; provides equal opportunity for all employees and clients; aids, in every way possible, those individuals and families who need personal attention in order to develop latent talents and abilities; uses every resource to secure and retain employment for those who desire to work; improves the availability, safety, and comfort of affordable housing; encourages the attainment of self-sufficiency through education; helps individuals and families to become healthier; encourages agencies engaged in activities related to the Organization's programming to administer assistance on a common or cooperative basis; encourages business, labor, and other private organizations to join with public officials in support of the Organization; and sponsors quality programs and maintains quality administration.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting - The financial statements of The Community Action Program Corporation of Washington-Morgan Counties, Ohio have been prepared on the accrual basis of accounting in conformity with U.S. GAAP.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experiences and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances. However, the actual results may differ from those estimates.

Account Classification

Revenue and expenditure information is maintained separately, by project, for grants funded to the Organization as required by the various funding sources. Corporate or support services are also maintained on an individual basis. All interfund transactions are eliminated for financial reporting purposes.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and any unrestricted highly liquid investments with an initial maturity of 3 months or less. Certificates of deposit are excluded from cash equivalents as they had maturity dates beyond 3 months. The Organization paid no income taxes and no interest expenses in fiscal year 2019.

The Organization maintains cash deposits in certain financial institutions that may, at times, exceed federally insured amounts of up to \$250,000 per account. The financial institution has pledged assets to collateralize amounts on deposit over the FDIC coverage limit.

Cash balances on the statement of financial position include \$95,911 in HUD Escrow funds and \$37,161 in Representative Payee funds. These balances represent amounts held on a client's behalf and are not available for the general obligations of the Organization. A total of \$133,072 of funds held in trust is included in the statement of financial position representing the balance of these funds held at year end.

Fixed Assets and Space Costs

For financial reporting purposes, all acquisitions of property, plant, and equipment generally in excess of \$5000 and expenditures for repairs, maintenance, renewals, and betterments that add value to the property or materially prolong the useful lives of the assets are capitalized. Property and equipment are recorded at cost or, if donated, fair value at the date of donation. Repairs and maintenance that do not extend the lives of the applicable assets are charged to expense as incurred.

Depreciation and amortization of property, plant, and equipment are calculated using the straight-line method over the estimated useful lives of the assets; 40 years for buildings and improvements and 3 to 7 years for vehicles and equipment.

The property, plant, and equipment acquired with grant funds are owned by the Organization while they are used in the programs for which they were purchased, or in other future authorized programs. The funding sources, however, have a reversionary interest in the equipment purchased with grant funds; therefore, their disposition, as well as the ownership of any sale proceeds therefrom, are subject to funding source regulations.

In addition to the buildings reflected in the financial statements, the Organization owns the former Norwood School property which is used for the Head Start Program.

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Space costs are allocated to grants based on square footage occupied by each program. Occupancy costs are charged on direct square footage, not including common space, occupied by each program. Costs associated with buildings used specifically to provide services for a particular program are charged directly to that program.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Weatherization inventory is purchased with corporate funds, and programs are charged on an actual usage basis. The corporate funds are reimbursed for these amounts, and expenses are recorded in the programs based on the materials used. The remaining inventory of approximately \$16,827, valued at cost, is reported on the Organization's statement of financial position as of the fiscal year end. Food inventory related to nutrition programs is also recorded at cost and expensed to the applicable program when used. The balance of food inventory on hand at March 31, 2019, was approximately \$15,437. All other minor supplies are charged to expense during the period of purchase. Total inventory balances of \$32,264 are reported on the statement of financial position as of March 31, 2019.

Grants Receivable – Grants receivable are primarily unsecured non-interest-bearing amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding grants receivable are collectible in full; therefore, no allowance for uncollectible receivables has been provided.

Accounts Receivable – Accounts receivable balances are comprised of various fee-for-service billings, rents, donations, and other contract arrangement amounts billed and due as of year-end. Provisions are made for estimated uncollectible accounts receivable. The Organization's estimate of uncollectible accounts receivable is based on historical collection experience, a review of the current status of accounts receivable, and management judgment. There was no provision for uncollectible accounts receivable as of March 31, 2019, as management believes all amounts are collectible in full.

Prepaid Expenses – Prepaid expenses are mostly comprised of insurance premiums, dues, rents, maintenance agreements, and other costs paid during the year, but that benefit future periods. The expenses will be recognized in the statement of activities based on the passage of time and use of the asset in the applicable time period.

Revenue Recognition

The Organization's primary source of revenue is income from grants, contracts, and fee-for-service arrangements from government agencies, as well as from contributions and program income generated by the Organization. The following accounting policies have been adopted:

- a. Program income and fees for services are recognized as revenue at the time the services are performed or when the revenue cycle is complete. Amounts earned under fee-for-service contracts are considered without donor restriction and available for the Organization's use.
- b. Grants/donations/contributions are recognized as revenue based upon the type of restriction placed by the grantor/donor. All grants and contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. Grants accounted for as exchange transactions are recorded as revenue at the time related grant expenses are incurred or services are provided. A receivable is recorded to the extent grants earned exceed grant funds received.
- d. The Organization records grant/contract advances as deferred revenue until they are expended for the purpose of the grant/contract, at which time they are recognized as revenue. Deferred revenue as of March 31, 2019, represents amounts received under contracts that will be expended in a future period in accordance with the grant/contract period.
- e. Funds due to grantor are amounts which are due back to grantors at year end for unspent grant funds at the close of the grant period.

The grantors may, at their discretion, request reimbursement for unallowed expenses as a result of noncompliance by the Organization with the terms of a grant. On certain grants, if advances exceed eligible costs, the funds must be returned to the grantor.

In-kind contributions are recorded at fair value and recognized as revenue in the accounting period when they are received. In-kind contributions are not included in the statement of activities as of March 31, 2019, as the criteria for recognition under U. S. generally accepted accounting principles has not been met. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would be purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. In-kind contributions that are used for grant matching purposes only are detailed in Note 6.

Interest income is recognized in the accounting period when it is earned. The Organization maintains funds received from various sources in interest-bearing checking accounts (NOW Accounts); the portion of interest earned on grant funds is applied to the funding sources in accordance with grant requirements; the interest earned on other funds is transferred to the corporate accounts and is used to support the programs of The Community Action Program Corporation of Washington-Morgan Counties, Ohio.

Functional Expenses

The costs of providing the Organization's various programs, activities, and overall administrative functions have been summarized on a functional basis in the accompanying statement of functional expenses. General and administrative costs are accumulated by function for financial reporting purposes and are then allocated to the various benefitting programs and activities for grant reporting purposes. Costs that benefit multiple functions are accumulated and allocated following the processes noted in Cost Allocations.

Cost Allocations

Costs are allocated to benefitting programs using various allocation methods depending on the joint cost allocated. Joint costs are those costs incurred for the common benefit of all agency programs, but which cannot be readily identified with a final cost objective. In accordance with the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, or Uniform Guidance, the Organization follows the cost allocation methods below:

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Wages and Salaries - Fiscal Department: Fiscal Management (Fiscal Officer, Reports Manager, Staff Accountant, Staff Accountant II, and Payroll Clerk) record the time they spend working on specific programs on their time sheets. They then record time spent on fiscal management activities. Fiscal management time is allocated to all programs based on total hours of direct agency staff. Fiscal staff record the time they spend on specific programs on their time sheets. They then record the time spent on general fiscal activities (running batches, checks, filing). General fiscal costs are charged to programs based on direct hours of total agency staff.

The Executive Director and Executive Secretary record time spent on specific programs on their time sheets. They then record general administrative time. The General Administrative, Human Resource, Executive Director, and Executive Secretary costs are accumulated and charged to programs based on direct hours of total agency staff.

Fringe Benefits - Employer payroll taxes and compensated absences are allocated based on salaries. Insurance benefits are allocated each pay period based upon hours worked reduced by employee withholding in the prior month.

Copy Costs - Copier lease expenses and copier supplies are charged directly to the programs based on actual copier readings. Codes are used to track copier usage. Periodic readings of the copier are taken. Copier costs for General & Administrative (G & A), Fiscal, Audit, and Human Resources are accumulated and charged to programs based on direct hours of total agency staff.

Telephone - Telephone charges to the grants/programs are based on the number of instruments utilized by the program. Communication costs are charged to programs based on the programs using the telephones, including G & A, G & A, Fiscal, and Human Resource costs are then charged to programs based on direct hours of total agency staff.

Postage - Charges made directly to each program are based on the postage meter readings for each program as provided by the third-party vendor. G & A, Fiscal, and Human Resource costs are charged to programs based on direct hours of total agency staff.

Utilities - Grants are charged based on square footage during the billing period. G & A, Fiscal, and Human Resource costs are charged to programs based on direct hours of total agency staff.

Supplies - Programs purchase supplies as needed. Common office supplies are shared by all programs and are allocated on direct hours of total agency staff. G & A, Fiscal, and Human Resource costs are charged back to programs based on direct hours of total agency staff.

Printing - Printing is directly charged to each program unless it is common printing, in which case, it is allocated on the basis of employees. Common printing is charged to G & A, Fiscal, or Human Resources. G & A, Fiscal, and Human Resource costs are charged back to programs based on direct hours of total agency staff.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Insurance - Insurance is allocated to benefiting programs depending on the equipment, space, or persons covered by the insurance. G & A, Fiscal, and Human Resource costs are charged back to programs based on direct hours of total agency staff.

Rent - Rent for specific programs is charged to those programs. Occupancy charges such as utilities for the corporate office are allocated by square footage. Occupancy is charged directly to the program using the facility. G & A, Fiscal, and Human Resource costs are charged back to programs based on direct hours of total agency staff. No rent is charged for agency-owned space.

Travel - Travel is charged directly to the program or to Community Services Block Grant-Administration, if the travel is for general purposes. G & A, Fiscal, and Human Resource costs are charged back to programs based on direct hours of total agency staff. Travel by G & A, Fiscal, or Human Resources for a specific program is charged as a direct cost to that program.

Dues and Subscriptions - Dues and subscriptions are chargeable to the Ohio Development Services Agency grants or directly to the program, if specific to that program. The dues and subscriptions of the G & A, Fiscal, and Human Resources are charged to programs based on direct hours of total agency staff.

Interest Expense - Interest expense is allocated to unrestricted (corporate) funds for those grants that do not allow interest expense.

Income Taxes

The Organization has qualified for a tax exemption under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision has been recorded for income taxes in the accompanying financial statements.

The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition or results of operations. Accordingly, the Organization has not recorded any reserves, or related accruals, for interest and penalties for uncertain income tax positions at March 31, 2019.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to fiscal year 2016.

Classification of Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors as follows:

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets without Donor Restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application of tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets with Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions. Unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. When the restriction is met in the same period as the revenue is recognized, the Organization may elect to report the revenue as without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service unless the donor provides more specific directions about the period of its use.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

Change in Accounting Principles

The Organization implemented FASB ASU NO. 2016-14 in the current year. The new standard changes the following aspects of the financial statements.

- The temporarily and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 4).

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES (CONTINUED)

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 2,664,510	\$ -
Temporarily restricted net assets	54,501	-
Permanently restricted net assets	-	-
Net assets without donor restriction	-	2,664,510
Net assets with donor restriction	<u>-</u>	<u>54,501</u>
 Total net assets	 <u>\$ 2,719,011</u>	 <u>\$ 2,719,011</u>

NOTE 4 - LIQUIDITY

Community Action Program Corporation of Washington-Morgan Counties, Ohio's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 1,578,582
Savings and certificates of deposit	480,455
Grants and accounts receivable	508,745
Less cash balances held on client's behalf	(133,072)
Less revenue received in advance (deferred revenue and funds due to grantor)	(324,847)
Less cash reserved to fund accrued vacation, leave and related benefits and the Medical Expense Reimbursement Program (MERP)	(555,321)
Less financial assets for specific donor purposes	<u>(242,841)</u>
 Total	 <u>\$ 1,311,701</u>

The Organization is supported by government grants and contracts which are funded on a cost reimbursement basis. Under these grants, reimbursement is requested from the funding source once expenses are incurred. As part of its liquidity management, the Organization developed and adopted annual budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Organization maintains financial assets on hand to meet the normal operating expenses.

NOTE 5 - RELATED-PARTY

The Poor and Indigent Peoples Care Trust (PIP Trust) is a non-profit organization that was established to provide financial assistance to non-profit organizations, particularly to The Community Action Program Corporation of Washington-Morgan Counties, Ohio. In accordance with the by-laws of the PIP Trust, the nine Board members of the PIP Trust must be selected from the Organization's Board.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 5 - RELATED-PARTY (CONTINUED)

The two entities are not considered financially interrelated organizations because the relationship does not meet all criteria set forth in the Financial Accounting Standards Board Accounting Standards Codification. Certain requirements of the Trust Agreement have not been met as of March 31, 2019, which would permit the Organization to have access to net asset values of the PIP Trust. Therefore, as of March 31, 2019, the Organization does not have an ongoing economic interest in the net assets of the PIP Trust.

The PIP Trust donated \$50,000 to the Organization in fiscal year 2019. There were no additional transactions between the PIP Trust and the Organization for the fiscal year ended March 31, 2019.

NOTE 6 - IN-KIND AND LOCAL CASH MATCHES

The Community Action Program Corporation of Washington-Morgan Counties, Ohio receives a significant amount of donated services from unpaid volunteers and parents who assist primarily in the operation of the federal Head Start program. No amounts have been recognized in the statement of activities for these services because the criteria for recognition under U. S. generally accepted accounting principles was not met. The Organization reported \$673,374 of required local share in-kind funds for grant reporting purposes on the Head Start grant number 05CH8371/05 final report.

In-kind wages are valued at the state minimum wage rates per hour donated on the respective program. For fiscal year 2019, the rates used were \$8.30 (2018) and \$8.55 (2019) per hour (in accordance with the State of Ohio minimum wage rate) plus fringe benefits afforded to employees.

In addition, local cash matches were used to meet matching cash requirements of other various grants. The amounts were obtained from various local grants, performance contracts, and donations.

In-kind was obtained for the year ended March 31, 2019, and has been allocated to federal programs as follows:

In-kind Wages and Fringe Benefits

U. S. Department of Health and Human Services - Head Start	<u>\$ 1,086,581*</u>
Total wages and fringe benefits	<u>1,086,581</u>
Total in-kind	<u>\$ 1,086,851</u>

*Amount was in excess of required local share amount of \$673,374 reported for grant purposes.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

**NOTE 7 - GRANTS AND CONTRACTS RECEIVABLE AND DEFERRED REVENUE
BALANCES BY PROGRAM**

The current grant and contract funds receivable and deferred revenue balances are comprised of the results of each program's operations that The Community Action Program Corporation of Washington-Morgan Counties, Ohio maintains as a direct recipient or subrecipient. The balances totaling \$382,556 for program funds receivable and \$258,542 for deferred revenue as of March 31, 2019, are made up of the following:

PROGRAM FUNDS RECEIVABLE:

Federal Programs

USDA – Rural Development – Housing Prevention Grant	\$ 12,605
HUD Housing Choice Vouchers and Administration	8,406
HUD Family Self Sufficiency	3,375
HUD – Shelter Plus Care	5,972
HHS – Head Start	80,454
Buckeye Hills Regional Development District – Senior Programs	16,907
Morgan County DJFS – Title XX	4,938
Morgan County DJFS – Kinship Navigator	2,620
Department of Veteran’s Affairs – SSVF	15,654
ODH – WIC	68,809
Morgan County Schools Prevention	3,130
Ohio Department of Education – USDA	8,812
DOL – O.V.E.R. – Morgan Flood	30,471
DOL – O.V.E.R. – Washington Flood	30,023
ODSA – Community Services Block Grant	23,707
ODSA – Community Services Block Grant – T & TA	3,690
COAD – HWAP HHS	<u>31,847</u>
Total program funds receivable – federal programs	<u>351,420</u>

State, Local, and Other Programs

Buckeye Hills – Passport	16,769
Ohio Development Services Agency - HCRP	962
ODSA - Housing Assistance Grant	<u>13,405</u>
Total program funds receivable - state, local, and other programs	<u>31,136</u>

 Total program funds receivable **\$ 382,556**

DEFERRED REVENUE:

Federal Programs

HUD Housing Choice Vouchers & Administration	\$ 135,723
HUD – VASH	16,881
HUD – Mainstream Voucher Program	33,807
ODSA – Community Services Block Grant	12,791
Ohio Development Services Agency/COAD - HWAP E	4,101
Ohio Development Services Agency/HHS - HEAP A	35,773
Ohio Development Services Agency/COAD - HWAP DOE	<u>14,370</u>
Total deferred revenue - federal programs	<u>253,446</u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

**NOTE 7 - GRANTS AND CONTRACTS RECEIVABLE AND DEFERRED REVENUE
BALANCES BY PROGRAM (CONTINUED)**

<u>State and Local Programs</u>	
ODSA – HEAP PIPP	1,601
Sisters of St. Joseph Fund	<u>3,495</u>
Total deferred revenue - state and local programs	<u>5,096</u>
 Total deferred revenue	 <u>\$ 258,542</u>

NOTE 8 - LONG-TERM DEBT

The Organization records debt obligations on assets purchased with grant assistance. The following schedule details the outstanding commitments based on grant and loan agreements for the various properties purchased and signed by or prior to March 31, 2019:

Total second mortgages in the name of the Ohio Department of Mental Health as detailed on the following pages	\$ 267,508
Total second mortgages in the name of the Ohio Development Services Agency as detailed on the following pages	308,818
Total second mortgages in name of Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities as detailed on the following pages	<u>31,590</u>
Total long-term debt	607,916
Less current maturities	<u>47,591</u>
Long-term debt, net of current portion	<u>\$ 560,325</u>

Maturities of long-term debt are as follows:

Payable during the fiscal year ending March 31:	
	<u>Soft Mortgages</u>
2010	\$ 47,591
2021	47,591
2022	47,591
2023	47,591
2024	42,731
Thereafter	<u>374,821</u>
Total	<u>\$ 607,916</u>

For properties purchased with assistance from the Ohio Department of Mental Health Funds, second mortgages were placed on the properties in the name of the Ohio Department of Mental Health. These mortgages require no repayment provided that the facilities are used for mental health purposes for 40 years. The Organization has recognized this liability (soft mortgages) as a mortgage payable on the statement of financial position as of fiscal year end. The debt is reduced by an amount equal to 1/480th each month.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 8 – LONG-TERM DEBT (CONTINUED)

The mortgage payable balance reflects the unamortized second mortgage balances on the following properties:

Gates Avenue	\$ 26,468
Elm and Maple Streets	22,192
Fifth Street Property	23,992
East Bell	23,583
Wayne Street	13,495
Main Street	17,095
Scammel Street	35,084
Cisler Street	<u>105,599</u>

Total Ohio Department of Mental Health mortgages **\$ 267,508**

Certain properties were also acquired with grant funds from the Ohio Development Services Agency. Second mortgages were placed on properties by the Department. These funds are forgiven over a 30-year life provided the facilities are used for their agreed-upon purpose. Accordingly, the Organization has included these liabilities on the statement of financial position. The debt is reduced by an amount equal to 1/360 each month.

The mortgage payable balance reflects the unamortized second mortgage balances on the following properties:

Sharon Street Property	\$ 15,933
Wedgewood Drive Property	14,610
4 Units of the 8-Unit Complex	126,054
Spring Street	17,332
Main Street	20,104
Sixteenth Street	18,658
Poplar Street	16,615
Florence	26,719
Cisler Street	<u>52,793</u>

Total Ohio Development Services Agency mortgages **\$ 308,818**

Additionally, several other properties were acquired with grant funds from the Washington and Morgan County Boards of Mental Retardation and Developmental Disabilities (the Boards), and the Ohio Housing Finance Corp. Second mortgages were placed on the properties by the Boards. These mortgages are forgiven over a period of 15 years provided the facilities are used for their agreed-upon purpose. Accordingly, the Organization has included these liabilities on the statement of financial position as of fiscal year end. The debt is reduced by an amount equal to 1/180 each month.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 8 – LONG-TERM DEBT

The mortgage payable balance reflects the unamortized second mortgage balances on the following properties:

Summit Street Property	<u>\$ 31,590</u>
Total Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities mortgages	<u>\$ 31,590</u>

NOTE 9 - FIXED ASSETS

As described in Note 1 to the financial statements, the Organization owns several buildings, vehicles, and equipment which are recorded on the statement of financial position as of March 31, 2019.

Land	\$ 20,228
Buildings and improvements	<u>3,715,444</u>
Total land, buildings, and improvements	3,735,672
Vehicles	762,654
Equipment	<u>110,751</u>
Total fixed assets	4,609,077
Less accumulated depreciation	<u>2,611,952</u>
Net fixed assets	<u>\$ 1,997,125</u>

Depreciation expense charged to operations during fiscal year 2019 totaled \$121,889.

NOTE 10 - PENSION PLAN

The Organization maintains a 401(k) Plan for eligible employees. All employees are eligible to participate in the Plan following the completion of one year of service and attainment of age 18. Employees may contribute a percentage of their total income on a pre-tax basis, not to exceed \$18,500 for calendar year 2018 and \$19,000 for the calendar year 2019, except for employees eligible under the “catch-up” provisions. The catch-up provisions allow eligible employees age 50 and over to make additional contributions up to \$24,500 for 2018, and \$25,000 for 2019. The Organization has elected to contribute 4 percent of each eligible employee’s salary to the Plan and each employee is eligible to earn up to 2 percent additional match by contributing up to 2 percent of his/her own pay. The amount of pension expense incurred during the fiscal year ended March 31, 2019, for this Plan was \$157,434.

NOTE 11 - EQUIPMENT LEASE

The Community Action Program Corporation entered into an operating lease agreement for certain office equipment under a 36-month term effective April 1, 2017, and maturing March 2020. The balance remaining on this lease is \$15,408.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 12 - CONCENTRATIONS

The Community Action Program Corporation receives approximately 77 percent of its support and revenue through federal government grants. Approximately 70 percent of those federal funds are through the three programs noted below. Their percent of funding to total federal funding is as follows:

<u>Program</u>	<u>Percent</u>
Head Start 93.600	30
Housing Choice Voucher Program 14.871	26
Low Income Energy Assistance Program (LIHEAP) 93.568	14

NOTE 13 - GRANT CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required, and certain costs may be questioned as inappropriate expenditures. Such audits could lead to reimbursements to the grantor agencies. Management believes disallowances, if any, will be immaterial.

NOTE 14 - ACCRUED VACATION AND RELATED BENEFITS

The accrued vacation, leave, and employee benefits amount in the statement of financial position is primarily comprised of accrued vacation and personal leave balances totaling \$423,881, as well as related withholdings and accruals related to accrued vacation and personal leave benefits of \$8,171. These amounts total \$432,052 as of March 31, 2019.

In addition, the Organization also funds a health care benefit for all employees based on the level of the employee's accrued vacation balance at fiscal year-end. Employees earn one month of health insurance benefit for every 173 hours of vacation, rounded to the next whole month. This benefit allows for health insurance coverage during the time period employees are paid their accrued vacation up through their final termination or retirement date. The appropriate programs were charged for the health care benefit based upon the employee's current cost allocation to program or administrative functions. Adjustments to the accrued health insurance benefit are made as vacation accruals adjust or termination/retirement occurs. Any credits due to changes in coverage, earned health insurance periods, or surrender of benefits due to lump sum payments of accrued vacation or death of an employee, are credited to the program where the initial expense was incurred.

The accrued vacation and related benefits were fully funded as of March 31, 2019, in the form of certificates of deposit and cash deposits in the vacation fund.

NOTE 15 - ACCRUED HEALTH BENEFITS RESERVE

The Organization maintains a Medical Expense Reimbursement Program (MERP) to mitigate, as much as possible, health insurance expense increases. The Organization funds the MERP as health insurance since the use of a MERP helps to reduce insurance premiums paid to a third-party insurance provider. Employees' co-pays are paid from this fund after their applicable deductibles are met. Amounts reserved in the MERP account at March 31, 2019, totaled \$123,269 and are available to cover future claims not yet submitted as estimated by management.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 15 - ACCRUED HEALTH BENEFITS RESERVE (CONTINUED)

On an annual basis at the end of each plan year (August 31), management performs an analysis of the funds available to meet future claims incurred during the plan year, but not yet submitted for payment. If the liability is determined to be in excess of expected claims, the remainder is used to reduce insurance premiums. During fiscal year 2019, approximately \$142,500 was applied to insurance premiums as monthly refunds, thus reducing expenses to programs and corporate accounts for that period. Reductions in insurance premiums will continue to be applied to program and corporate funds on a monthly basis until the end of the current plan year, August 31, 2019. At that time, the liability reserve amount will be analyzed for future claims as previously discussed.

NOTE 16 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of donations with restrictions by donors that have not been met yet.

Donor restricted net assets at March 31 consist of the following:

	2019
Secret Santa Project (Morgan and Washington Counties)	\$ 40,664
Washington County Levy (Senior Programs)	202,177
Total	\$ 242,841

NOTE 17 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to March 31, 2019, through October 9, 2019, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustments to, or disclosure in, the financial statements which were available to be issued on October 9, 2019.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2019**

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Program Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>DIRECT RECIPIENT:</u>				
Head Start	93.600	05CH8371/05		<u>\$ 2,522,355</u>
<u>PASS-THROUGH:</u>				
<u>MORGAN COUNTY DEPARTMENT OF JOB & FAMILY SERVICES</u>				
Temporary Assistance for Needy Families:				
Kinship Navigator	93.558	2017-2018		7,210
Kinship Navigator	93.558	2018-2019		10,641
Subtotal - Temporary Assistance for Needy Families 93.558				<u>17,851</u>
Subtotal - TANF Cluster				<u>17,851</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEVELOPMENT SERVICES AGENCY</u>				
Low-Income Home Energy Assistance:				
Crisis Cooling Program	93.568	18-HC-247		50,404
Administrative - Operations	93.568	18-HA-147		97,968
Emergency	93.568	19-HE-247		493,695
Administrative - Operations	93.568	19-HA-147		225,366
<u>PASS-THROUGH:</u>				
<u>CORPORATION FOR OHIO APPALACHIAN DEVELOPMENT (COAD)</u>				
Home Weatherization Enhancement Program	93.568	18HE-133P		30,285
Low-Income Home Energy Assistance	93.568	17-133P		105,547
Low-Income Home Energy Assistance	93.568	18-133P		175,433
Subtotal - Low-Income Home Energy Assistance 93.568				<u>1,178,698</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEVELOPMENT SERVICES AGENCY</u>				
Community Services Block Grant T&TA	93.569	18-808		19,441
Community Services Block Grant	93.569	1819-41		301,543
Subtotal - Community Services Block Grant 93.569				<u>320,984</u>
<u>PASS-THROUGH:</u>				
<u>BUCKEYE HILLS REGIONAL COUNCIL</u>				
Special Programs for the Aging - Title III, Part B, Grants for Supportive Services and Senior Centers				
	93.044	2018		2,311
Special Programs for the Aging - Title III, Part B, Grants for Supportive Services and Senior Centers				
	93.044	2019		770
Subtotal - Special Programs for the Aging 93.044				<u>3,081</u>
Special Programs for the Aging - Title III, Part C, Nutrition Services				
	93.045	2018		140,618
Special Programs for the Aging - Title III, Part C, Nutrition Services				
	93.045	2019		43,373
Subtotal - Special Programs for the Aging 93.045				<u>183,991</u>
Nutrition Services Incentive Program (NSIP)				
	93.053	2018		14,548
Nutrition Services Incentive Program (NSIP)				
	93.053	2019		11,062
Subtotal - Nutrition Services Incentive Program 93.053				<u>25,610</u>
Subtotal - Aging Cluster				<u>212,682</u>

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Program Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)				
<u>PASS-THROUGH:</u>				
<u>MORGAN COUNTY DEPARTMENT OF JOB & FAMILY SERVICES</u>				
Social Services Block Grant Meals	93.667	2018		27,051
Social Services Block Grant Meals	93.667	2019		15,555
Subtotal - Social Services Block Grant 93.667				42,606
SUBTOTAL - U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				4,295,176
U. S. DEPARTMENT OF ENERGY				
<u>PASS-THROUGH:</u>				
<u>CORPORATION FOR OHIO APPALACHIAN DEVELOPMENT (COAD)</u>				
Weatherization Assistance for Low-Income Persons	81.042	17-133 P		1,161
Weatherization Assistance for Low-Income Persons	81.042	18-133 P		131,884
Subtotal - Weatherization Assistance for Low-Income Persons 81.042				133,045
SUBTOTAL - U. S. DEPARTMENT OF ENERGY				133,045
U. S. DEPARTMENT OF VETERANS AFFAIRS				
<u>DIRECT RECIPIENT:</u>				
VA Supportive Services for Veteran Families Program	64.033	14-OH-265 - 2018	\$ 32,706	244,595
VA Supportive Services for Veteran Families Program	64.033	14-OH-265 - 2019	37,409	218,810
Subtotal - VA Supportive Services for Veteran Families Program 64.033			70,115	463,405
SUBTOTAL - U. S. DEPARTMENT OF VETERANS AFFAIRS				70,115 463,405
U. S. DEPARTMENT OF LABOR				
<u>PASS THROUGH:</u>				
<u>Q.V.E.R.</u>				
WIOA Adult Program	17.258	2017-2018		46,270
WIOA Adult Program	17.258	2018-2019		110,063
Subtotal - WIOA Adult Program 17.258				156,333
WIOA Dislocated Worker Formula Grants	17.278	2017-2018		92,299
WIOA Dislocated Worker Formula Grants	17.278	2018-2019		79,898
Subtotal - WIOA Dislocated Worker Formula Grants 17.278				172,197
Subtotal - WIOA Cluster				328,530
<u>PASS THROUGH:</u>				
<u>Q.V.E.R.</u>				
Washington NDWG Disaster	17.277	Wash NDWG Disaster		189,156
Morgan NDWG Disaster	17.277	Morgan NDWG Disaster		206,438
WIA National Emergency Grants - Ohio Disaster	17.277	Sectors NEG28		20,789
Subtotal WIOA National Dislocated Worker Grants/ WIA National Emergency Grants 17.277				416,383
SUBTOTAL - U. S. DEPARTMENT OF LABOR				744,913

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Program Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION				
<u>PASS THROUGH:</u>				
<u>MORGAN COUNTY SCHOOLS</u>				
Education for Homeless Children and Youth	84.196	2017-2018		6,969
Education for Homeless Children and Youth	84.196	2018-2019		20,353
Subtotal - Education for Homeless Children and Youth 84.196				27,322
SUBTOTAL - U. S. DEPARTMENT OF EDUCATION				27,322
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<u>PASS-THROUGH:</u>				
<u>CITY OF MARIETTA</u>				
HUD Shelter Plus Care	14.238	OH0428L5E071605		6,414
HUD Shelter Plus Care	14.238	OH0428L5E071606		27,825
Subtotal - Shelter Plus Care 14.238				34,239
<u>PASS-THROUGH:</u>				
<u>CITY OF MARIETTA</u>				
HUD Section 8 Family Self Sufficiency - 2018	14.896	FSS18OH2145-01-00		4,297
HUD Section 8 Family Self Sufficiency - 2019	14.896	FSS17OH0004		25,647
Subtotal - Family Self Sufficiency Program 14.896				29,944
HUD Administration 2018 (HUD Section 8 Housing Choice Vouchers)	14.871	OH007 A		182,632
HUD Administration 2019 (HUD Section 8 Housing Choice Vouchers)	14.871	OH077 A		65,785
HUD Section 8 Housing Choice Vouchers - 2019	14.871	OH077 V & VASH		1,905,666
Subtotal - Section 8 Housing Choice Vouchers 14.871				2,154,083
HUD Mainstream Vouchers	14.879	OH77 Mainstream		3,595
Subtotal - Housing Voucher Cluster				2,157,678
SUBTOTAL - U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				2,221,861
U. S. DEPARTMENT OF AGRICULTURE				
<u>DIRECT RECIPIENT:</u>				
Rural Housing Preservation Grants	10.433	HPG 18-20		49,005
<u>PASS-THROUGH:</u>				
<u>OHIO DEPARTMENT OF HEALTH</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	8460011WA1118		174,375
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	8460011WA1219		173,029
Subtotal - Women, Infants, and Children (WIC) 10.557				347,404
<u>PASS-THROUGH:</u>				
<u>OHIO DEPARTMENT OF EDUCATION</u>				
Child and Adult Care Food Program	10.558	n/a		97,779
SUBTOTAL - U. S. DEPARTMENT OF AGRICULTURE				494,188
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 70,115	\$ 8,379,910

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Community Action Program Corporation of Washington-Morgan Counties, Ohio under programs of the federal government for the year ended March 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of The Community Action Program Corporation of Washington-Morgan Counties, Ohio, it is not intended to, and does not present the financial position, changes in net assets, or cash flows of The Community Action Program Corporation of Washington-Morgan Counties, Ohio.

Basis of Accounting - Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein, certain types of expenditures are not allowable or are limited to reimbursement.

NOTE 2 - INDIRECT COST RATE

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - ADDITIONAL FEDERAL GRANT/EXPENDITURE INFORMATION

Totals for amounts received from various pass-through and federal funding sources are grouped by CFDA numbers and identified clusters on the schedule of expenditures of federal awards.

The Community Action Program Corporation of Washington-Morgan Counties, Ohio administers the HUD Housing Voucher Cluster Program for the City of Marietta. Those funds are included in the schedule of expenditures of federal awards.

The Organization passed through approximately \$70,115 in federal funds to subrecipients under CFDA #64.033.

NOTE 4 - NON-CASH ASSISTANCE

Approximately \$673,374 in non-cash assistance was expended as part of federal programs, which are included on the SEFA. Details by program are included in Note 6 to the financial statements.

**The Community Action Program Corporation
 of Washington-Morgan Counties, Ohio
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED MARCH 31, 2019**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

The report on the financial statements of The Community Action Program Corporation of Washington-Morgan Counties, Ohio as of and for the year ended March 31, 2019, is unmodified. The opinion is dated October 9, 2019.

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported

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

An unmodified opinion has been issued on the compliance for major programs of The Community Action Program Corporation of Washington-Morgan Counties, Ohio as of and for the year ended March 31, 2019. The opinion is dated October 9, 2019.

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019**

SECTION I - SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

Identification of major programs:

CFDA Number

Name of Federal Program

U. S. Department of Housing and Urban Development:

14.871, 14.879

HUD Housing Voucher Cluster

The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

The Community Action Program Corporation of Washington-Morgan Counties Ohio qualified as a low-risk auditee for the year ended March 31, 2019.

SECTION II - FINANCIAL STATEMENT FINDINGS

We noted no findings related to the financial statements which are required to be reported in accordance with GAGAS.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

We noted no findings or questioned or likely questioned costs for federal awards for the fiscal year ended March 31, 2019.



**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**

Board of Directors
The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
Marietta, Ohio

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 The Community Action Program Corporation of Washington-Morgan Counties, Ohio (a nonprofit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 9, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

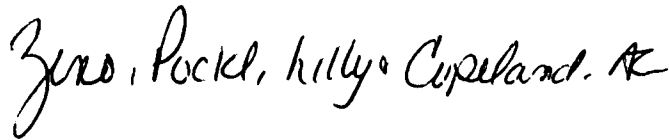
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Community Action Program Corporation of Washington-Morgan Counties, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wheeling, West Virginia
October 9, 2019



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

Board of Directors
The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
Marietta, Ohio

Report on Compliance for Each Major Federal Program

We have audited The Community Action Program Corporation of Washington-Morgan Counties, Ohio's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's major federal programs for the year ended March 31, 2019. The Community Action Program Corporation of Washington-Morgan Counties, Ohio'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Community Action Program Corporation of Washington-Morgan Counties, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's compliance.

Opinion on Each Major Federal Program

In our opinion, The Community Action Program Corporation of Washington-Morgan Counties, Ohio 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 March 31, 2019.

Report on Internal Control over Compliance

Management of The Community Action Program Corporation of Washington-Morgan Counties, Ohio 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 The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Community Action Program Corporation of Washington-Morgan Counties, Ohio'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Zeno Pockel, Kelly & Capeland, PC

Wheeling, West Virginia
October 9, 2019

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATUS OF PRIOR YEAR AUDIT FINDINGS/COMMENTS
MARCH 31, 2019**

There were no findings and recommendations in the prior year report requiring the preparation of this schedule.