

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

**AUDIT REPORT  
MARCH 31, 2013**

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
MARCH 31, 2013**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Community Action Program Corporation of Washington-Morgan Counties, Ohio (The CAP) (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-modified cash basis as of March 31, 2013, and the related statements of support, revenue, and expenses-modified cash basis, changes in net assets-modified cash basis, and functional expenses-modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 assets, liabilities, and net assets-modified cash basis of The Community Action Program Corporation of Washington-Morgan Counties, Ohio as of March 31, 2013, and its support, revenue, and expenses, and the changes in net assets and functional expenses for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that 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 U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2013, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over financial reporting and compliance.

*Zeno, Pockel, Lilly and Copeland, PC.*

Wheeling, West Virginia  
October 15, 2013

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS-MODIFIED CASH BASIS  
MARCH 31, 2013**

**ASSETS**

Cash	\$ 1,713,729
Savings and certificates of deposit	477,728
Program funds receivable	119,412
Other receivables	1,991
Fixed assets at cost, net of accumulated depreciation of \$1,542,758	<u>2,480,820</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,793,680</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Deferred revenue	\$ 689,173
Unearned program and management fees	6,258
Security/escrow deposits and funds held in trust	103,845
Payroll taxes and employee withholdings and accruals	129,341
Accrued vacation, leave, and employee benefits	498,050
Accrued health benefits reserve	82,611
Capital lease payable	26,516
Mortgages payable - financed	213,396
Mortgages payable - soft mortgages	<u>990,271</u>
<b>Total liabilities</b>	<b><u>2,739,461</u></b>

**NET ASSETS - UNRESTRICTED**

Operating - program and corporate	804,146
Operating - fixed assets	<u>1,250,073</u>
<b>Total net assets</b>	<b><u>2,054,219</u></b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,793,680</u></b>
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The accompanying notes are an integral part of the financial statements.



**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES-MODIFIED CASH BASIS  
FOR THE YEAR ENDED MARCH 31, 2013**

**PUBLIC SUPPORT AND REVENUE**

Federal grants and contracts, net of grant funds returned of \$641,465	\$ 7,575,150
State, local, and other grants and contracts	503,831
Fee for service and vendor contracts	1,312,348
Contributions	170,150
Program income	403,941
<b>Total public support and revenue</b>	<u>9,965,420</u>

**OTHER REVENUE**

Special events income	28,118
Miscellaneous income	82,925
Interest income	5,043
<b>Total other revenue</b>	<u>116,086</u>

**TOTAL PUBLIC SUPPORT AND OTHER REVENUE**

10,081,506

**EXPENSES**

Program and corporate services	9,816,452
Management and general	74,970
<b>Total expenses</b>	<u>9,891,422</u>

**Excess of public support and other revenue over expenses**

\$ 190,084

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

**The Community Action Program Corporation**  
**of Washington-Morgan Counties, Ohio**  
**STATEMENT OF CHANGES IN NET ASSETS-MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED MARCH 31, 2013**

	Operating Net Assets-Unrestricted			Total Net Assets
	Program	Corporate	Plant	
<b>BALANCES, MARCH 31, 2012</b>	\$ (148,673)	\$ 899,926	\$ 1,276,692	\$ 2,027,945
Excess of public support and other revenue over expenses	95,080	95,004	-	190,084
Purchases/disposal of plant assets, net	-	-	(97,107)	(97,107)
Transfer to plant fund: principal reduction and capital lease payments	(10,257)	(126,934)	137,191	-
Amortization of mortgage payable balances	-	-	78,944	78,944
Depreciation, net	-	-	(145,647)	(145,647)
<b>BALANCES, MARCH 31, 2013</b>	<u>\$ (63,850)</u>	<u>\$ 867,996</u>	<u>\$ 1,250,073</u>	<u>\$ 2,054,219</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-MODIFIED CASH BASIS  
FOR THE YEAR ENDED MARCH 31, 2013**

	Senior and Community Services	Morgan Operations	Housing and Transportation	Employment and Training	Children's Programs	Miscellaneous Community Programs
<b>EXPENDITURES</b>						
Wages - employee	\$ 706,414	\$ 14,304	\$ 320,731	\$ 211,757	\$ 927,191	\$ 23,200
Wages - participant	3,619	-	-	278,897	-	-
Fringe benefits	445,577	5,796	207,236	214,685	552,293	9,863
Travel and transportation	61,011	1,055	192,990	12,393	50,333	550
Contractual	24,466	76	17,529	5,464	55,232	22,558
Communications	19,281	1,207	5,840	7,109	25,684	245
Participant support	-	-	-	21,717	-	-
Classroom training	-	-	-	106,260	-	-
On the job training - OJT	-	-	-	26,523	-	-
Occupancy, facility costs, and rents	137,118	3,885	10,458	8,462	176,659	318
Emergency assistance	963,681	-	-	-	-	-
Housing assistance payments	1,770,061	6,057	-	-	-	-
Insurances	20,817	259	41,183	5,246	36,349	303
Supplies	28,452	450	14,001	7,632	15,357	706
Program supplies	36,942	-	-	4,532	220,701	-
Small tools, equipment, and equipment maintenance	29,877	1,131	13,428	10,792	32,258	511
Memberships and dues	10,467	2	1,263	890	3,362	5
Printing and photocopying	6,132	52	1,987	1,666	6,039	264
Miscellaneous	5,814	1	(349)	5,371	241	5
Food	255,824	-	-	-	81,311	-
Materials	-	-	164,965	-	-	-
Vehicle operations	27,166	-	90,958	11,783	28,507	-
Acquisition and renovation	-	-	47,868	-	-	12,875
Special events	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 4,552,719</b>	<b>\$ 34,275</b>	<b>\$ 1,130,088</b>	<b>\$ 941,179</b>	<b>\$ 2,211,517</b>	<b>\$ 71,403</b>

The Corporate Services Account includes the elimination of occupancy costs for principal reduction of facilities and equipment totaling \$56,575.  
The Children's Program expenses do not include debt service payments for facilities totaling \$80,616.

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-MODIFIED CASH BASIS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2013**

	Health Programs	Corporate Services	Total Program and Corporate Services	Management and General	Total Expenses
<b>EXPENDITURES</b>					
Wages - employee	\$ 199,762	\$ 155,726	\$ 2,559,085	\$ (5,611)	\$ 2,553,474
Wages - participant	-	-	282,516	-	282,516
Fringe benefits	98,693	101,719	1,635,862	6,838	1,642,700
Travel and transportation	3,348	4,016	325,696	4,529	330,225
Contractual	2,212	2,890	130,427	3,146	133,573
Communications	10,486	1,515	71,367	5,386	76,753
Participant support	-	-	21,717	-	21,717
Classroom training	-	-	106,260	-	106,260
On the job training - OJT	-	-	26,523	-	26,523
Occupancy, facility costs, and rents	29,775	44,682	411,357	4,763	416,120
Emergency assistance	-	-	963,681	-	963,681
Housing assistance payments	-	-	1,776,118	-	1,776,118
Insurances	16,092	46,014	166,263	11,166	177,429
Supplies	5,809	3,474	75,881	3,452	79,333
Program supplies	1,211	-	263,386	-	263,386
Small tools, equipment, and equipment maintenance	5,418	2,186	95,601	623	96,224
Memberships and dues	50	1,078	17,117	77	17,194
Printing and photocopying	-	469	16,609	318	16,927
Miscellaneous	-	16,677	27,760	16,631	44,391
Food	-	-	337,135	-	337,135
Materials	-	74,328	239,293	-	239,293
Vehicle operations	-	34,265	192,679	597	193,276
Acquisition and renovation	-	-	60,743	-	60,743
Special events	-	-	-	23,055	23,055
Interest expense	-	13,376	13,376	-	13,376
<b>Total expenditures</b>	<b>\$ 372,856</b>	<b>\$ 502,415</b>	<b>\$ 9,816,452</b>	<b>\$ 74,970</b>	<b>\$ 9,891,422</b>

The Corporate Services Account includes the elimination of occupancy costs for principal reduction of facilities and equipment totaling \$56,575.  
The Children's Program expenses do not include debt service payments for facilities totaling \$80,616.

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, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF OPERATIONS** – The Community Action Program Corporation of Washington-Morgan Counties, Ohio (The CAP), 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 CAP operates a variety of programs designed to empower individuals and families to have an impact on their lives. The CAP 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 CAP'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 CAP, and sponsors quality programs, and maintains quality administration.

**BASIS OF PRESENTATION** - The financial statements of The Community Action Program Corporation of Washington-Morgan Counties, Ohio have been prepared on a cash basis of accounting modified to include the recording of grant and contract receivables and deferred revenue in the unrestricted operating program. For certain program service funds, accounts receivable or deferred revenue accounts have been established to properly reflect the excess or deficit of program receipts over program expenses (see Note 4.) Provisions for depreciation and recording of long-term debt in the Plant Fund have also been made. The CAP also funds deferred absences and all related payroll costs and certain health insurance benefits. The liability and the cash available to fund this liability are reflected in the statement of assets, liabilities, and net assets-modified cash basis. Payroll taxes withheld and payroll tax liabilities expensed to programs and not paid at year end are also included in the corporate account liabilities. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following information summarizes the accounting basis:

**Account Classification**

The accounts of The CAP are maintained in accordance with the principles of fund accounting. Revenue and expenditure information is maintained separately for each program funded to The CAP, as required by the various funding sources. Management and corporate accounts are also maintained on an individual basis. However, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, financial transactions have been recorded and reported by fund groups.

The assets, liabilities, and net assets of The CAP are reported in three self-balancing fund groups as follows:

1. The Program Fund represents the activity of grant, contract, and fees for service programs.
2. The Corporate Fund represents the portion of expendable funds available for The CAP's general operations and to support the rental properties and other corporate services funded by the state, local, or private financing.
3. The Plant Fund represents the major fixed assets of The CAP (debt-funded only) net of accumulated depreciation and mortgage, notes, and capital lease payable balances.

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Equipment

In accordance with grant award budgets approved by funding sources, equipment is charged to expense in the period during which it is purchased instead of being recognized as an asset in the program funds. The asset is then transferred to the Plant Fund to be depreciated over its useful life. Further, equipment capital lease payments are expensed when paid instead of equipment being capitalized and depreciated. As a result, the expenses reflected in the statement of support, revenue, and expenses-modified cash basis include the cost of the equipment purchased or leased during the year rather than a provision for depreciation. As noted below, certain debt-financed equipment purchases are recorded in The CAP's Plant Fund.

Vehicles

In accordance with grant award budgets approved by funding sources, certain vehicles and buses purchased for program use are charged to expense in the period during which they are purchased instead of being recognized as an asset in the program funds. The asset is transferred to the Plant Fund to be depreciated over its useful life. Accordingly, the statement of support, revenue, and expenses-modified cash basis reflects the expenses of any vehicles or buses purchased with grant funds during the period rather than a provision for depreciation. Also, in accordance with certain grant agreements, program expenses may reflect use allowance charges for the program's use of certain vehicles or equipment.

Buildings

The Community Action Program Corporation of Washington-Morgan Counties, Ohio owns its central office building (see Note 6.) This building and other buildings acquired for program specific use, which have been acquired with the aid of grant awards and private funding, are shown on the statement of assets, liabilities, and net assets-modified cash basis. Due to The CAP's reporting requirements, as noted above, in matching the grant award with the related expenditure (in this case, the acquisition and renovation costs of the building), capital fixed asset expenditures are charged to expense when the assets are purchased or renovated with a corresponding recognition given to the capital fixed asset and Plant Fund accounts. The remaining debt used to purchase or renovate these assets is also reflected on the financial statements (see Note 5.)

The CAP has established a Plant Fund wherein vehicles, buildings, and certain equipment that are debt financed, or partially debt financed, by The CAP have been recorded. Depreciation charges are not recognized as an operational expense, but are recorded and accumulated as contra-account balances of the respective capital fixed assets and unrestricted Plant Fund balance.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets; 40 years for buildings and improvements and 3 to 5 years for vehicles and equipment.

The vehicles and equipment acquired are owned by The Community Action Program Corporation of Washington-Morgan Counties, Ohio while used in the program for which they were purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the vehicles and equipment purchased with grant funds; therefore, their dispositions, as well as the ownership of any sale proceeds therefrom, are subject to funding source regulations.

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Space costs are allocated to grants based on square footage occupied by each program. Costs associated with buildings used specifically to provide services for a particular program are charged directly to that program.

Interest expense is allocated to unrestricted (corporate) funds for those grants that do not allow interest expense. In addition to the buildings reflected in the financial statements, The CAP owns the former Norwood School property which is used for the Head Start Program.

Cash

Cash balances on the statement of assets, liabilities, and net assets-modified cash basis include \$50,816 in restricted HUD Escrow funds and \$26,768 in Representative Payee funds.

Inventory

Weatherization inventory is owned by the Corporation and programs are charged on an actual usage basis. All other minor supplies are charged to expense during the period of purchase. As a result, no inventory is recognized on the statement of assets, liabilities, and net assets-modified cash basis.

Revenue

Revenue is recognized in the accompanying financial statements as follows:

A. Grant, Reimbursement Contracts, and Client Fees

The funds due from the various funding sources under grants and reimbursement contracts are recognized as revenue in the program year when the expenditures are incurred and the grant funds or fees are earned. For the purpose of these financial statements, revenue has been recognized when received rather than when earned due to the differences in accounting periods of The CAP and the programs/grants included in these financial statements. An adjustment to revenue received is made to an accounts receivable or deferred revenue account to properly reflect the balance of cash receipts over (under) cash disbursements in each program (see Note 4.) Revenue earned in fee-for-service type arrangements is recognized when received. Program balances or deficits in fee-for-service type arrangements are reflected in the appropriate program or corporate net asset balances at fiscal year end.

B. Program Income

The amount due from various sources is recognized when received.

C. In-kind Contributions

In-kind contributions are recorded at fair market value and recognized as revenue in the accounting period when they are received. In-kind contributions are not included in the statement of support, revenue, and expenses-modified cash basis. These contributions are used for grant matching purposes only and are detailed in Note 3.

D. Donations

Donations are recognized when received.

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Interest Income**

Interest income is recognized in the accounting period when it is received. The CAP 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.

**F. Deferred Revenue**

Deferred revenue represents the excess of funds received for certain program expenses over the amount of grant funds expended through March 31, 2013.

**G. Program Funds Receivable**

Program funds receivable represents the excess of funds disbursed for certain program expenses over the amount of grant funds received through March 31, 2013.

**Cost Allocation**

Costs are allocated to benefiting 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. Cost allocation methods are as follows:

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 the number of accounting transactions for the month. 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). This time is allocated to all programs which do not have a bookkeeper assigned based on the number of accounting transactions for the month.

The Human Resource Manager and Clerk's time are allocated to all programs based on full time equivalents (FTE's). The Executive Director and Executive Secretary record time spent on specific programs on their time sheets. They then record general administrative time. This time is allocated to programs based on an average of the prior month's financial activity by program and FTE's by program.

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. Monthly readings of the copier are taken.

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Telephone - Telephone charges to the grants/programs are based on square footage occupied by the program.

Postage - Charges made directly to each program are based on the postage meter readings for each program as provided by the third-party vendor.

Utilities - Grants are charged based on square footage during the billing period.

Supplies - Programs purchase supplies as needed. Common office supplies are shared by all programs and are allocated on square footage percentages.

Printing - Printing is directly charged to each program unless it is common printing, in which case it is allocated on the basis of employees, if personnel printing or, if not personnel printing, then square footage.

Insurance - Insurance is allocated to benefiting programs depending on the equipment, space, or persons covered by the insurance.

Rent - Occupancy charges for the corporate office are allocated by square footage. Occupancy is charged directly to the program using the facility.

Travel - Travel is charged directly to the program or to Community Services Block Grant-Administration, if the travel is for general purposes.

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.

**Accounting Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

The CAP is exempt from federal income taxes under Internal Revenue Code 501(c)(3) and, therefore, has made no provisions for federal income taxes.

The CAP has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The CAP believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on The CAP's financial condition or results of operations. Accordingly, The CAP has not recorded any reserves, or related accruals, for interest and penalties for uncertain income tax positions at March 31, 2013.

The CAP is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The CAP believes it is no longer subject to income tax examinations for years prior to fiscal year 2010.

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 2 – 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 CAP's Board.

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, 2013, which would permit The CAP to have access to net asset values of the PIP Trust. Therefore, as of March 31, 2013, The CAP does not have an ongoing economic interest in the net assets of the PIP Trust.

The PIP Trust donated \$50,000 to The CAP in fiscal year 2013. There were no additional transactions between the PIP Trust and The CAP for the fiscal year ended March 31, 2013.

**NOTE 3 - IN-KIND WAGES, RENT, USE ALLOWANCE, EQUIPMENT, 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 in the operation of several federal, state, and local programs. No amounts have been recognized in the statement of support, revenue, and expenses-modified cash basis for these services because the criteria for recognition have not been satisfied. The total amount of in-kind services received was \$505,806. Amounts used for matching are detailed below.

The values of in-kind rent, wages, and equipment are used as local matches for various federal and state grants. They are valued as follows:

In-kind Rent/Use Allowance - In-kind rent is valued at appraised square footage value of the donated building or space times the square footage used to operate the respective program. In-kind use allowance is valued at 2 percent of the most recent tax valuation paid.

In-kind Wages - In-kind wages are valued at the federal and state minimum wage rates per hour donated on the respective program. For fiscal year 2013, the rate used was \$7.70 (2012) and \$7.85 (2013) per hour (in accordance with the State of Ohio minimum wage rate) plus fringe benefits afforded to employees.



**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 3 - IN-KIND WAGES, RENT, USE ALLOWANCE, EQUIPMENT, AND LOCAL CASH MATCHES (CONTINUED)**

In-kind Equipment and Supplies - In-kind equipment and supplies are valued at the fair market rental value of the equipment or supplies based on local market conditions.

In-kind Building Maintenance - In-kind building maintenance is valued at estimated fair market cost of the service and/or equipment based on local market conditions.

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

In-kind matching was obtained for the year ended March 31, 2013, for the following grants:

In-kind Space and Transportation

U. S. Department of Health and Human Services - Head Start	\$ <u>45,722</u>
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In-kind Wages and Fringe Benefits

Senior Service America, Inc. - Senior Aides Title V Program	38,738
U. S. Department of Health and Human Services - Head Start	384,877
Area Agency on Aging - Senior Programs	10,626
Washington County Levy	1,665
AARP	<u>24,178</u>
Total Wages and Fringe Benefits	<u>460,084</u>

Total in-kind match	\$ <u>505,806</u>
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These in-kind match amounts are not reflected in various line item expenses on the statement of functional expenses-modified cash basis.

A total of \$505,806 in-kind match has been allocated to federal and state assisted programs as follows:

* U. S. Department of Health and Human Services - Head Start	\$ 430,599
* Area Agency on Aging - Senior Programs Unit of Service Contract	10,626
* Senior Service America, Inc. - Title V	38,738
Washington County Levy	1,665
AARP	<u>24,178</u>
Total in-kind	\$ <u>505,806</u>

(\*Denotes federal program/purchase of service contract)

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 4 - PROGRAM FUNDS RECEIVABLE AND DEFERRED REVENUE BALANCES BY PROGRAM**

The current program 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 \$119,412 for program funds receivable and \$689,173 for deferred revenue as of March 31, 2013, are made up of the following: (Federal amounts are also identified by grant and CFDA number in the accompanying schedule of expenditures of federal awards.)

**PROGRAM FUNDS RECEIVABLE:**

**Federal Programs**

Department of Health & Human Services – Head Start	\$ 431
Ohio Development Services Agency - CSBG	12,735
Ohio Department of Job & Family Services – One Stop	13,602
Ohio Department of Job & Family Services Disabled Veterans Outreach Program – One Stop	3,453
Ohio Department of Job & Family Services Local Veterans Employment Representative Program – One Stop	295
Senior Service America, Inc. - Title V	598
O.V.E.R. – WIA Youth	9,149
O.V.E.R. – WIA Adult Dislocated	7,372
O.V.E.R. – NEG 26 Wind	5,935
O.V.E.R. – NEG 25 Flood	4,629
Morgan County Schools – Prevention	1,048
Total program funds receivable - federal programs	<u>59,247</u>

**State, Local, and Other Programs**

Washington County Senior Levy	41,931
Ohio Development Services Agency – Housing Assistance	4,993
Ohio Development Services Agency – Housing Crisis Response Program	7,894
Washington County Commissioners – Moving Ohio Forward	2,643
Local Partners – WASCO & Colleges (One Stop)	2,704
Total program funds receivable - state, local, and other programs	<u>60,165</u>

Total program funds receivable	<u><u>\$ 119,412</u></u>
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**DEFERRED REVENUE:**

**Federal Programs**

Morgan County DJFS - Ombudsman	\$ 6,888
Ohio Development Services Agency – Emergency HEAP	359,036
Ohio Development Services Agency – Administrative HEAP	29,679
O.V.E.R. – WIA Adult	9,516
COAD – HWAP HHS	10,286
City of Marietta – Neighborhood Stabilization Program	572
City of Marietta – HUD Section 8 Program	182,089
Ohio Department of Health – W.I.C.	23,982
Total deferred revenue - federal programs	<u><u>622,048</u></u>

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 4 - PROGRAM FUNDS RECEIVABLE AND DEFERRED REVENUE BALANCES BY PROGRAM (CONTINUED)**

<u>State and Local Programs</u>	
Housing Preservation Recapture Funds	14,292
AARP	26,143
Washington County Juvenile Court - Restitution	1,637
OACAA – Veterans Program	3,653
Washington County - Broadband	<u>21,400</u>
Total deferred revenue - state and local programs	<u>67,125</u>
 Total deferred revenue	 <u>\$ 689,173</u>

**NOTE 5 - LONG-TERM DEBT**

As noted in Note 1, The CAP records debt obligations on assets purchased with the assistance of private financing. The following schedule details the outstanding commitments based on loan agreements signed by or prior to March 31, 2013:

Mortgage payable to bank, in monthly installments of \$1,152.35 including interest at 5.25% per annum. Loan is secured by first mortgage on property located at 612 Elm Street, Belpre, OH; Lots 201, 203, 205, 207, 211, and 213 Poplar Street, Marietta, OH; and 802 Warren Street, Belpre, OH, maturing 6/01/31.	\$ 160,705
Mortgage payable to bank in monthly installments of \$230.07, including interest at 6% per annum, secured by Spring Street property, maturing 12/01/15.	6,746
Mortgage payable to bank in monthly installments of \$317.84, including interest at 5% per annum, secured by 1014 Hadley Lane property, maturing 9/15/18.	18,232
Mortgage payable to bank in monthly installments of \$310.16, including interest at 5.25% per annum, secured by Summit Street property, maturing 7/15/2023.	27,713
Total second mortgages in the name of the Ohio Department of Mental Health as detailed on the following pages.	360,496
Total second mortgages in the name of the Ohio Development Services Agency as detailed on the following pages.	458,727
Total second mortgages in name of Washington County and Morgan County Board of Mental Retardation and Development Disabilities as detailed on the following pages.	<u>171,048</u>
Total long-term debt	1,203,667
Less current maturities	<u>74,924</u>
 Long-term debt, net of current portion	 <u>\$ 1,128,743</u>

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

Maturities of long-term debt are as follows:

Payable during the fiscal year ending March 31:

	<u>Bank Financed</u>	<u>Soft Mortgages</u>	<u>Total</u>
2014	\$ 10,416	\$ 64,507	\$ 74,923
2015	11,210	67,500	78,710
2016	11,273	67,500	78,773
2017	10,330	66,751	77,081
2018	11,966	64,507	76,473
Thereafter	<u>158,201</u>	<u>659,506</u>	<u>817,707</u>
Total	<u>\$ 213,396</u>	<u>\$ 990,271</u>	<u>\$ 1,203,667</u>

Certain properties were also acquired with grant funds, as well as private financing. For properties purchased with 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 CAP has recognized this liability (soft mortgages) in the Plant Fund mortgage payable on the statement of assets, liabilities, and net assets-modified cash basis as noted above. The debt is reduced by an amount equal to 1/480th each month.

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

Gates Avenue	\$ 39,618
Elm and Maple Streets	32,686
Fifth Street Property	35,432
East Bell	31,906
Wayne Street	18,258
Main Street	23,128
Scammel Street	47,468
Cisler Street	<u>132,000</u>
Total Ohio Department of Mental Health mortgages	<u>\$ 360,496</u>

Certain properties were also acquired with grant funds from the former Ohio Department of Development, now known as 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 CAP has included these liabilities in the Plant Fund mortgage payable balance on the statement of assets, liabilities, and net assets-modified cash basis as noted on page 5. The debt is reduced by an amount equal to 1/360 each month. The Plant Fund mortgage payable balance reflects the unamortized second mortgage balances on the following properties:

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

Sharon Street Property	\$ 27,520
Wedgewood Drive Property	25,235
4 Units of the 8 Unit Complex	187,914
Spring Street	25,332
Main Street	28,720
Sixteenth Street	26,655
Poplar Street	23,735
Florence	38,164
Cisler Street	<u>75,452</u>

Total Ohio Development Services Agency mortgages	<u>\$ 458,727</u>
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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 CAP has included these liabilities in the Plant Fund mortgage payable balance on the statement of assets, liabilities, and net assets-modified cash basis as noted on page 5. The debt is reduced by an amount equal to 1/180 each month.

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

Summit Street Property	\$ 75,330
Spring Street	8,230
Phillips Street	15,975
Hadley Lane	27,777
Poplar Street	13,351
Sixteenth Street	9,693
Main Street	9,962
Florence Street	<u>10,730</u>

Total Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities mortgages	<u>\$ 171,048</u>
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**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 6 - FIXED ASSETS**

As described in Note 1 to the financial statements, The CAP owns several buildings, vehicles, and equipment which are recorded in the capital fixed asset (plant) fund balance.

Fixed assets at cost:	
Meigs land, building, and improvements	\$ 299,705
Fifth Street properties, Marietta, Ohio	117,543
Elm and Maple properties	147,859
Warren Street property, Marietta, Ohio	46,890
Washington Street property	42,114
Orchard Street property and improvements, Marietta, Ohio	53,211
Fourth Street property	57,517
Bell Avenue property, McConnellsville, Ohio	72,650
Maple Street property	55,340
Scammel property	102,124
Wayne property	58,698
Main Street, Malta	72,861
E. Bell Avenue property	58,895
Edgewood Street property and improvements	77,414
S. Kennebec property	53,205
Sharon Street	86,117
Wedgewood Drive	95,443
Spring Street	70,000
Main Street, Malta (#3) and improvements	340,355
8 Unit Complex	608,090
Shade Street	19,000
Cisler property and improvements	339,270
Main Street	75,500
Florence Street property and improvements	98,221
Poplar Street	76,048
S. 16 <sup>th</sup> Street	71,830
Phillips Street	71,606
Hadley Lane	99,912
Gates Avenue	80,911
Main, Poplar, Florence, Shade, and 16 <sup>th</sup> Street improvements	42,207
Warren improvements	1,562
Elm improvements	1,443
New Matamoras building	27,000
Summit Road	140,234
Meigs improvements	41,300
Land - Main Street, Malta	10,000
Land - Mt. Tom Road	10,226
Total land, buildings, and improvements	<u>3,722,301</u>
Vehicles	239,532
Equipment	61,745
Total fixed assets	<u>4,023,578</u>
Less accumulated depreciation	<u>1,542,758</u>
Net fixed assets	<u>\$ 2,480,820</u>

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 7 - PENSION PLAN**

The CAP maintains a 401(k) Plan for eligible employees. All employees of The CAP are eligible to participate in the Plan following the completion of one year of service and attainment of age 18. Employees may contribute 1 to 20 percent of their total income on a pre-tax basis, not to exceed \$17,000 for calendar year 2012 and \$17,500 for calendar year 2013, 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 \$22,500 for 2012 and \$23,000 for 2013. The CAP 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, 2013, for this Plan was \$160,035.

**NOTE 8 - CAPITAL EQUIPMENT LEASE**

Effective February 2009, the Community Action Program Corporation entered into a capital lease agreement to finance certain office equipment valued at \$50,619 under a 48-month term which matured February 2013. At the end of the lease term, the equipment was disposed of and a new capital lease was signed for similar copying equipment and lease terms expiring in February 2017. The value of this equipment totaling \$27,080 has been capitalized and the capital lease payable has been accounted for in the fixed asset Plant Fund. The balance of the capital lease payable as of March 31, 2013, is \$26,516, including principal and interest. Cost of this equipment rental recognized in the statement of functional expenses-modified cash basis for the year ended March 31, 2013, was \$9,693 for the old lease and \$564 for the new lease, which includes principal and interest. Accumulated depreciation recognized in the Plant Fund on the copiers under capital lease totaled \$1,128 for the fiscal year ended March 31, 2013.

**NOTE 9 - CONCENTRATIONS**

The Community Action Program Corporation receives approximately 75 percent of its support and revenue through federal government grants. Approximately 75 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	29
Housing Choice Voucher Program	27
Low Income Energy Assistance Program (LIHEAP) and LIHEAP ARRA	19



**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 9 – CONCENTRATIONS (CONTINUED)**

The Community Action Program Corporation has funds on deposit with a local financial institution that exceed the Federal Deposit Insurance Corporation (FDIC) insured amount of \$250,000. Funds in excess of the insured amounts are secured under a memorandum of agreement for deposit of public funds between the financial institution and The CAP. Per this agreement, the financial institution will secure all public deposits in an amount sufficient to meet the requirements of Chapter 135 of the Ohio Revised Code. A maximum of \$5,000,000 will be covered by this agreement. This agreement is in effect through March 31, 2016.

**NOTE 10 – 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 11 – LINE OF CREDIT**

The CAP maintains a line of credit at a local financial institution in the amount of \$150,000. The interest rate at March 31, 2013, on the line of credit is 3.25 percent. The line of credit balance was zero at March 31, 2013. Corporate certificates of deposit are pledged as collateral for the line of credit. The balance of the certificate of deposit used as collateral as of March 31, 2013, was \$150,022.

**NOTE 12 – ACCRUED VACATION AND RELATED BENEFITS**

The accrued vacation, leave, and employee benefits amount in the statement of assets, liabilities, and net assets-modified cash basis is primarily comprised of accrued vacation and personal leave balances totaling \$294,177 as of March 31, 2013. In addition, The CAP 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 balance in the accrued health benefits account as of March 31, 2013, is \$116,650. Other related withholdings and accruals related to the accrued vacation and personal leave benefits and included in the accrued vacation and leave account in the statement of assets, liabilities, and net assets-modified cash basis totaled \$87,223 as of March 31, 2013.

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 13 – ACCRUED HEALTH BENEFITS RESERVE**

Effective September 1, 2012, The CAP implemented a Medical Expense Reimbursement Program (MERP) to mitigate, as much as possible, health insurance expense increases. The CAP 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. Funds remaining in the MERP at March 31, 2013, totaled \$82,611 and are included as a reserve liability account on the statement of assets, liabilities, and net assets-modified cash basis as funds to be used to cover future claims.

**NOTE 14 - SUBSEQUENT EVENTS**

Management has evaluated events subsequent to March 31, 2013, through October 15, 2013, 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 15, 2013.

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or Program Number	Cash Received (Net of Funds Returned)	Grant Funds Receivable (Deferred Revenue)		Net Revenue Recognized	Federal Disbursements/ Expenditures
				March 31, 2012	March 31, 2013		
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
DIRECT RECIPIENT:							
Head Start	93.600	05CH4042/46	\$ 247,343	\$ -	\$ -	\$ 247,343	\$ 247,343
Head Start	93.600	05CH4042/47	1,958,110	-	431	1,958,541	1,958,541
Subtotal - Head Start 93.600			2,205,453	-	431	2,205,884	2,205,884
PASS-THROUGH:							
THE OHIO ASSOCIATION OF SECOND HARVEST FOOD BANKS							
Temporary Assistance to Needy Families	93.558	n/a	1,729	1,729	-	-	-
PASS-THROUGH:							
MORGAN COUNTY DEPARTMENT OF JOB & FAMILY SERVICES							
Temporary Assistance for Needy Families: Ombudsman	93.558	2,011		(6,888)	(6,888)	-	-
Subtotal - Temporary Assistance for Needy Families 93.558			1,729	(5,159)	(6,888)	-	-
PASS-THROUGH:							
OHIO DEVELOPMENT SERVICES AGENCY							
Low-Income Home Energy Assistance:							
Administrative - Operations	93.568	12-HA-147	73,605	(36,437)	-	110,042	110,042
Emergency	93.568	12-HE-247	(250,420)	(329,771)	-	79,351	79,351
Emergency	93.568	13-HE-247	1,015,000	-	(359,036)	655,964	655,964
Administrative - Operations	93.568	13-HA-147	182,814	-	(29,679)	153,135	153,135
Crisis Cooling Program	93.568	12-HC-247	228,365	-	-	228,365	228,365
PASS-THROUGH:							
COAD							
ARRA HWAP - HHS	93.568	ARRA 10-11	85,394	38,503	-	46,891	46,891
Low-Income Home Energy Assistance	93.568	11-133P	(967)	(868)	-	(99)	(99)
Low-Income Home Energy Assistance	93.568	12-133P	206,879	-	(10,286)	196,593	196,593
Subtotal - Low-Income Home Energy Assistance 93.568			1,540,670	(328,573)	(399,001)	1,470,242	1,470,242
PASS-THROUGH:							
OHIO DEVELOPMENT SERVICES AGENCY							
Community Services Block Grant	93.569	1213-41	242,361	(18,983)	12,735	274,079	274,079
Subtotal - Community Services Block Grant Cluster 93.569			242,361	(18,983)	12,735	274,079	274,079
SUBTOTAL - U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
			3,990,213	(352,715)	(392,723)	3,950,205	3,950,205

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2013**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or Program Number	Cash Received (Net of Funds Returned)	Grant Funds Receivable (Deferred Revenue)		Net Revenue Recognized	Federal Disbursements/ Expenditures
				March 31, 2012	March 31, 2013		
U. S. DEPARTMENT OF EDUCATION							
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES							
PASS-THROUGH:							
BUREAU OF REHABILITATION SERVICES							
Vocational Rehabilitation Services	84.126A	One Stop	314	-	-	314	314
SUBTOTAL - BUREAU OF REHABILITATION SERVICES 84.126A							
U. S. DEPARTMENT OF ENERGY							
PASS-THROUGH:							
COAD							
ARRA - Energy Efficient Appliance Rebate Program	81.127	ARRA -SEEARP 12-133	-	1,338	-	(1,338)	(1,338)
Weatherization Assistance for Low-Income Persons							
	81.042	11-133 P	6,610	(7,529)	-	14,139	14,139
Weatherization Assistance for Low-Income Persons							
	81.042	12-133 P	142,208	-	-	142,208	142,208
Weatherization Assistance for Low-Income Persons							
	81.042	ARRA 10-11	-	(5,718)	-	5,718	5,718
Subtotal - Weatherization Assistance for Low-Income Persons 81.042			148,818	(13,247)	-	162,065	162,065
SUBTOTAL - U. S. DEPARTMENT OF ENERGY							
U. S. DEPARTMENT OF LABOR							
PASS-THROUGH:							
O.V.E.R.							
One Stop - ODJFS	17.207	n/a	13,533	9,067	13,602	18,068	18,068
Disabled Veterans Outreach Program (DVOP) - One Stop	17.801	n/a	3,435	2,644	3,453	4,244	4,244
Local Veterans Employment Representative Program - One Stop	17.804	n/a	294	-	295	589	589
Subtotal - Employment Services Cluster 17.207, 17.801, and 17.804			17,262	11,711	17,350	22,901	22,901
PASS-THROUGH:							
SENIOR SERVICE AMERICA, INC.							
Senior Community Services Program:							
Employment Program-Title V	17.235	PY11-12	76,326	203	-	76,123	76,123
Senior Aide Program	17.235	PY12-13	145,412	-	598	146,010	146,010
Subtotal - Senior Community Services 17.235			221,738	203	598	222,133	222,133

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or Program Number	Cash Received (Net of Funds Returned)	Grant Funds Receivable (Deferred Revenue)		Net Revenue Recognized	Federal Disbursements/ Expenditures
				March 31, 2012	March 31, 2013		
<b>PASS THROUGH:</b>							
<b>O.V.E.R.</b>							
<b>WIA Cluster:</b>							
WIA - Adult Program	17.258	2011-2012	46,379	1,355	-	45,024	45,024
WIA - Adult Program	17.258	2012-2013	103,895	-	(9,516)	94,379	94,379
WIA - Youth Activities	17.259	2011-2012	20,943	(11,274)	-	32,217	32,217
WIA - Youth Activities	17.259	2012-2013	68,759	-	9,149	77,908	77,908
WIA - Dislocated Workers	17.278	2011-2012	34,416	8,986	-	25,430	25,430
WIA - Dislocated Workers	17.278	2012-2013	53,665	-	7,372	61,037	61,037
Rapid Response	17.278	Rapid Resp FY 2012	30,829	860	-	29,969	29,969
OJT NEGS Stimulus	17.260	OJT NEG Stimulus	25,486	-	-	25,486	25,486
Subtotal - WIA Cluster 17.258-17.260 and 17.278			384,372	(73)	7,005	391,450	391,450
NEG Ohio Disaster	17.277	NEG 26 Wind	64,090	-	5,935	70,025	70,025
NEG Ohio Disaster	17.277	NEG 25 Flood	140,831	4,432	4,629	141,028	141,028
Subtotal - NEG 17.277			204,921	4,432	10,564	211,053	211,053
<b>SUBTOTAL - U. S. DEPARTMENT OF LABOR</b>			828,293	16,273	35,517	847,537	847,537
<b>U. S. DEPARTMENT OF JUSTICE</b>							
<b>PASS THROUGH:</b>							
<b>OHIO DEPARTMENT OF PUBLIC SAFETY</b>							
ARRA-EDWARD BYRNE JUSTICE ASSISTANCE GRANT FORMULA PROGRAM	16.803	2009-RA-R01-2361	12,709	6,368	-	6,341	6,341
Morgan and Noble Reentry Task Force							
Washington County Reentry Task Force	16.803	2009-RA-R01-2362	29,300	6,041	-	23,259	23,259
<b>SUBTOTAL - U. S. DEPARTMENT OF JUSTICE 16.803</b>			42,009	12,409	-	29,600	29,600
<b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>							
<b>PASS-THROUGH:</b>							
<b>CITY OF MARIETTA</b>							
Neighborhood Stabilization Program	14.228	A-Z-08-289-1	47,843	9,373	(572)	37,898	37,898

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or Program Number	Cash Received (Net of Funds Returned)	Grant Funds Receivable (Deferred Revenue)		Not Revenue Recognized	Federal Disbursements/ Expenditures
				March 31, 2012	March 31, 2013		
<b>PASS-THROUGH:</b> <b>MORGAN COUNTY SCHOOLS</b> Emergency Shelter Grants Program Emergency Shelter Grants Program Subtotal - Emergency Solutions Grants Program 14.231	14.231 14.231	2011-2012 2012-2013	8,666 16,765 25,431	1,062 - 1,062	- 1,048 1,048	7,604 17,813 25,417	7,604 17,813 25,417
<b>PASS-THROUGH:</b> <b>CITY OF MARIETTA</b> HUD Shelter Plus Care	14.238	n/a	25,200	15,000	-	10,200	10,200
<b>PASS-THROUGH:</b> <b>CITY OF MARIETTA</b> HUD Section 8 Housing Choice Vouchers	14.871	OH16-V077	1,948,802	(251,096)	(182,089)	2,017,809	2,017,809
<b>SUBTOTAL - U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			2,047,276	(225,661)	(181,613)	2,091,324	2,091,324
<b>U. S. DEPARTMENT OF AGRICULTURE</b>							
<b><u>DIRECT RECIPIENT</u></b>							
Rural Housing Preservation Grants	10.433	HPG-10	24,170	(5,034)	-	29,204	29,204
Subtotal Rural Housing 10.433			24,170	(5,034)	-	29,204	29,204
<b>PASS-THROUGH:</b> <b>OHIO DEPARTMENT OF HEALTH</b> Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Subtotal - Women, Infants, and Children (WIC) 10.557	10.557 10.557	8460011WA0512 8460011WA0813	172,337 168,942 341,279	(55,560) - (55,560)	- (23,982) (23,982)	227,897 144,960 372,857	227,897 144,960 372,857
<b>PASS-THROUGH:</b> <b>OHIO DEPARTMENT OF EDUCATION</b> Child and Adult Care Food Program	10.558	n/a	93,382	-	-	93,382	93,382
<b>SUBTOTAL - U. S. DEPARTMENT OF AGRICULTURE</b>			458,831	(60,594)	(23,982)	495,443	495,443
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 7,515,754	\$ (622,197)	\$ (562,801)	\$ 7,575,150	\$ 7,575,150

**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, 2013**

**NOTE A - 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 and is presented on the modified cash basis of accounting which includes the recording of grant receivables and deferred revenues. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B - FEDERAL FUNDS RETURNED TO GRANTORS**

Federal grant awards received, as stated in the schedule of expenditures of federal awards (SEFA), is net of funds returned to grantors. The total amount of funds returned to various grantors in fiscal year 2013 totaled \$641,465.

**NOTE C - 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 is the fiscal agent for the City of Marietta in regard to the HUD Section 8 Housing Choice Vouchers Program, CFDA #14.871. Those funds are included in the schedule of expenditures of federal awards.

Programs containing the "ARRA" designation have been funded through the American Recovery and Reinvestment Act of 2009.

**NOTE D - NON-CASH ASSISTANCE**

Approximately \$469,337 in non-cash assistance was expended as part of federal programs, which are included on the SEFA. Details by program are included in Note 3 to the financial statements. The \$469,337 does not include non-cash assistance for federal fee for service programs and contracts.



**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013**

**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, 2013, is unqualified. The opinion is dated October 15, 2013.

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

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

An unqualified 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, 2013. The opinion is dated October 15, 2013.

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? ☐ Yes ☒ No

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013**

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.600	U. S. Department of Health and Human Services Head Start (direct funding)
10.557	U. S. Department of Agriculture Special Supplemental Nutrition Program for Women, Infants, and Children WIC) (passed through Ohio Department of Health)

The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

The Community Action Program Corporation of Washington-Morgan Counties Ohio qualified as a low-risk auditee for the year ended March 31, 2013.

**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, 2013.



**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

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 (The CAP) (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-modified cash basis as of March 31, 2013, and the related statements of support, revenue, and expenses-modified cash basis, changes in net assets-modified cash basis, and functional expenses-modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The CAP'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 CAP's internal control. Accordingly, we do not express an opinion on the effectiveness of The CAP's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is 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 of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Zero, Rocke, Hilly and Copeland, PC.*

Wheeling, West Virginia  
October 15, 2013





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited The Community Action Program Corporation of Washington-Morgan Counties, Ohio's (The CAP's) (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The CAP's major federal programs for the year ended March 31, 2013. The CAP's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of The CAP's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The CAP'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 CAP'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 fiscal year ended March 31, 2013.

## 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 CAP's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The CAP's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Zeno, Pocke, Hillyard and Copeland, PC.*

Wheeling, West Virginia  
October 15, 2013

**The Community Action Program Corporation  
of Washington-Morgan Counties, Ohio  
STATUS OF PRIOR YEAR AUDIT FINDINGS/COMMENTS  
MARCH 31, 2013**

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