

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

AUDIT REPORT

MARCH 31, 2014

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
MARCH 31, 2014**

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INDEPENDENT AUDITOR'S REPORT

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

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, 2014, the related modified cash basis statements of support, revenue, and expenses, changes in net assets, and functional expenses 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 of The Community Action Program Corporation of Washington-Morgan Counties, Ohio as of March 31, 2014, 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 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 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, 2014, 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, Kelly and Copeland, PC

Wheeling, West Virginia
October 15, 2014

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS-MODIFIED CASH BASIS
MARCH 31, 2014**

ASSETS

Cash	\$ 1,807,235
Savings and certificates of deposit	482,665
Program funds receivable	108,210
Other receivables	10,703
Fixed assets at cost, net of accumulated depreciation of \$1,667,270	<u>2,356,308</u>
TOTAL ASSETS	<u>\$ 4,765,121</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Deferred revenue	\$ 544,058
Unearned program and management fees	10,548
Security/escrow deposits and funds held in trust	141,348
Payroll taxes and employee withholdings and accruals	203,555
Accrued vacation, leave, and employee benefits	488,235
Accrued health benefits reserve	140,513
Capital lease payable	19,746
Mortgages payable - financed	196,425
Mortgages payable - soft mortgages	<u>922,433</u>
Total liabilities	<u>2,666,861</u>

NET ASSETS - UNRESTRICTED

Operating - program and corporate	880,556
Operating - fixed assets	<u>1,217,704</u>
Total net assets	<u>2,098,260</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,765,121</u>
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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, 2014**

PUBLIC SUPPORT AND REVENUE

Federal grants and contracts, net of grant funds returned of \$641,465	\$ 6,863,940
State, local, and other grants and contracts	732,833
Fee for service and vendor contracts	1,554,460
Contributions	138,718
Program income	309,044
Total public support and revenue	<u>9,598,995</u>

OTHER REVENUE

Special events income	39,215
Miscellaneous income	51,929
Interest income	2,478
Total other revenue	<u>93,622</u>

TOTAL PUBLIC SUPPORT AND OTHER REVENUE	<u>9,692,617</u>
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EXPENSES

Program and corporate services	9,482,742
Management and general	109,160
Total expenses	<u>9,591,902</u>

Excess of public support and other revenue over expenses	<u>\$ 100,715</u>
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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 CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2014**

	<u>Operating Net Assets-Unrestricted</u>			<u>Total Net Assets</u>
	<u>Program</u>	<u>Corporate</u>	<u>Plant</u>	
BALANCES, MARCH 31, 2013	\$ (63,850)	\$ 867,996	\$ 1,250,073	\$ 2,054,219
Excess of public support and other revenue over expenses	57,039	43,676	-	100,715
Transfers	(125,015)	125,015	-	-
Transfer to plant fund: principal reduction and capital lease payments	(6,770)	(17,535)	24,305	-
Amortization of mortgage payable balances	-	-	67,838	67,838
Depreciation, net	-	-	(124,512)	(124,512)
BALANCES, MARCH 31, 2014	<u>\$ (138,596)</u>	<u>\$ 1,019,152</u>	<u>\$ 1,217,704</u>	<u>\$ 2,098,260</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, 2014**

	Senior and Community Services	Morgan Operations	Housing and Transportation	Employment and Training	Children's Programs	Miscellaneous Community Programs
EXPENDITURES						
Wages - employee	\$ 729,915	\$ 1,262	\$ 335,470	\$ 228,798	\$ 898,115	\$ 5,364
Wages - participant	882	-	-	330,493	-	-
Fringe benefits	405,532	951	220,925	218,230	468,167	3,434
Travel and transportation	66,809	71	218,130	9,951	46,111	141
Contractual	26,979	65	15,047	5,371	70,672	5,985
Communications	20,340	6	4,145	6,532	24,510	20
Participant support	-	-	-	41,337	30	-
Classroom training	-	-	-	80,221	-	-
Occupancy, facility costs, and rents	221,380	1,632	10,668	10,717	156,744	892
Emergency assistance	707,110	413	-	-	-	-
Housing assistance payments	1,774,227	1,463	-	-	-	-
Insurances	23,671	3	39,457	10,189	39,467	8
Supplies	29,819	5,073	9,355	13,749	22,857	19,703
Program supplies	31,214	-	-	3,030	118,051	137
Small tools, equipment, and equipment maintenance	36,626	44	13,115	12,393	29,346	190
Memberships and dues	7,788	2	782	162	4,078	7
Printing and photocopying	7,524	8	1,723	1,153	5,683	139
Miscellaneous	3,819	-	125	-	-	-
Food	233,365	-	-	-	73,921	-
Materials	-	-	148,560	-	-	-
Vehicle operations	24,634	-	69,576	15,500	16,386	-
Acquisition and renovation	-	-	48,105	-	-	100,128
Special events	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Total expenditures	\$ 4,351,634	\$ 10,993	\$ 1,135,183	\$ 987,826	\$ 1,974,138	\$ 136,148

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, 2014**

	Health Programs	Corporate Services	Total Program and Corporate Services	Management and General	Total Expenses
EXPENDITURES					
Wages - employee	\$ 191,046	\$ 160,237	\$ 2,550,207	\$ 21,009	\$ 2,571,216
Wages - participant	-	-	331,375	-	331,375
Fringe benefits	71,562	92,116	1,480,917	12,826	1,493,743
Travel and transportation	3,386	3,883	348,482	4,126	352,608
Contractual	2,183	3,616	129,918	3,105	133,023
Communications	8,091	2,503	66,147	53	66,200
Participant support	-	-	41,367	-	41,367
Classroom training	-	-	80,221	-	80,221
Occupancy, facility costs, and rents	31,604	90,832	524,469	4,466	528,935
Emergency assistance	-	-	707,523	-	707,523
Housing assistance payments	-	-	1,775,690	-	1,775,690
Insurances	11,536	49,388	173,719	1,000	174,719
Supplies	6,104	7,502	114,162	4,042	118,204
Program supplies	1,149	-	153,581	-	153,581
Small tools, equipment, and equipment maintenance	8,404	4,033	104,151	569	104,720
Memberships and dues	-	1,437	14,256	108	14,364
Printing and photocopying	2,982	2,163	21,375	591	21,966
Miscellaneous	-	28	3,972	13,134	17,106
Food	-	-	307,286	-	307,286
Materials	-	93,357	241,917	9,265	251,182
Vehicle operations	-	27,385	153,481	183	153,664
Acquisition and renovation	-	-	148,233	-	148,233
Special events	-	-	-	34,683	34,683
Interest expense	-	10,293	10,293	-	10,293
Total expenditures	<u>\$ 338,047</u>	<u>\$ 548,773</u>	<u>\$ 9,482,742</u>	<u>\$ 109,160</u>	<u>\$ 9,591,902</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, 2014**

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 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, 2014**

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.

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, 2014**

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 \$70,635 in restricted HUD Escrow funds and \$38,943 in Representative Payee funds.

Inventory

Weatherization inventory is owned by The CAP and programs are charged on an actual usage basis. The CAP expenses the inventory when purchased, and The CAP is reimbursed by the programs upon usage. 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, 2014**

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, 2014.

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, 2014.

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, 2014**

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, 2014.

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 2011.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014**

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, 2014, which would permit The CAP to have access to net asset values of the PIP Trust. Therefore, as of March 31, 2014, 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 2014. There were no additional transactions between the PIP Trust and The CAP for the fiscal year ended March 31, 2014.

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 \$706,641. 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 the appraised square footage value (as determined by a certified licensed appraiser) of the donated building or space times the square footage used to operate the respective program.

In-kind Wages - In-kind wages are valued at the state minimum wage rates per hour donated on the respective program. For fiscal year 2014, the rate used was \$7.85 (2013) and \$7.95 (2014) 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, 2014**

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 the 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, 2014, for the following grants:

In-kind Space and Transportation

U. S. Department of Health and Human Services - Head Start	\$ <u>36,012</u>
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In-kind Wages and Fringe Benefits

Senior Service America, Inc. - Senior Aides Title V Program	33,840
U. S. Department of Health and Human Services - Head Start	613,036
Area Agency on Aging - Senior Programs	13,268
Washington County Levy	73
AARP	<u>10,412</u>
Total wages and fringe benefits	<u>670,629</u>

Total in-kind match	\$ <u>706,641</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 \$706,541 in-kind match has been allocated to federal and state assisted programs as follows:

* U. S. Department of Health and Human Services - Head Start	\$ 649,048
* Area Agency on Aging - Senior Programs Unit of Service Contract	13,268
* Senior Service America, Inc. - Title V	33,840
Washington County Levy	73
AARP	<u>10,412</u>
Total in-kind	<u>\$ 706,641</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, 2014**

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, 2014, 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

Ohio Association of Second Harvest Foodbanks – Navigator	\$ 1,343
Morgan County DJFS – Kinship Navigator	648
H.U.D Shelter Care Plus	3,451
U.S. Department of Veterans Affairs – SSVFP	2,808
O.V.E.R. – WIA Youth	2,191
O.V.E.R. – Rapid Response	2,638
O.V.E.R. – NEG 26 Wind	1,490
O.V.E.R. – NEG 25 Flood	14,528
Morgan County Schools – Prevention	1,206
Total program funds receivable – federal programs	<u>30,303</u>

State, Local, and Other Programs

Washington County Senior Levy	44,520
Ohio Development Services Agency – Housing Assistance	3,392
Ohio Development Services Agency – Housing Crisis Response Program	16,347
Ohio Association of Foodbanks	1,859
Local Partners – WASCO & Colleges (One Stop)	11,789
Total program funds receivable – state, local, and other programs	<u>77,907</u>

Total program funds receivable \$ 108,210

DEFERRED REVENUE:

Federal Programs

Morgan County DJFS – Ombudsman	\$ 6,888
Ohio Development Services Agency – Emergency HEAP	238,780
Ohio Development Services Agency – Administrative HEAP	34,579
SSAI – Title V	864
O.V.E.R. – One Stop Branding	80
O.V.E.R. – WIA Dislocated Worker	26
O.V.E.R. – WIA Adult	475
COAD – HWAP HHS	30,533
COAD – HWAP DOE	24,166
ODSA CSBG	13,372
City of Marietta – HUD Section 8 Program	156,234
Ohio Department of Health – W.I.C.	20,554
Total deferred revenue – federal programs	<u><u>526,551</u></u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014**

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

State and Local Programs

Housing Preservation Recapture Funds	14,048
Pet Grant	1,735
Washington County Juvenile Court – Restitution	1,637
Washington County – Broadband	87
Total deferred revenue – state and local programs	<u>17,507</u>
 Total deferred revenue	 <u><u>\$ 544,058</u></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, 2014:

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.	\$ 155,744
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.	15,272
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.	25,409
Total second mortgages in the name of the Ohio Department of Mental Health as detailed on the following pages.	344,828
Total second mortgages in the name of the Ohio Development Services Agency as detailed on the following pages.	433,756
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>143,849</u>
Total long-term debt	1,118,858
Less current maturities	<u>75,707</u>
 Long-term debt, net of current portion	 <u><u>\$ 1,043,151</u></u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014**

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>
2015	\$ 8,208	\$ 67,500	\$ 75,708
2016	8,658	66,752	75,410
2017	9,288	64,507	73,795
2018	10,330	64,507	74,837
2019	11,966	50,497	62,463
Thereafter	<u>147,975</u>	<u>608,670</u>	<u>756,645</u>
Total	<u>\$ 196,425</u>	<u>\$ 922,433</u>	<u>\$ 1,118,858</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	\$ 37,258
Elm and Maple Streets	30,937
Fifth Street Property	33,524
East Bell	30,519
Wayne Street	17,464
Main Street	22,123
Scammel Street	45,404
Cisler Street	<u>127,599</u>
Total Ohio Department of Mental Health mortgages	<u>\$ 344,828</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 Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014**

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

Sharon Street Property	\$ 25,589
Wedgewood Drive Property	23,464
4 Units of the 8 Unit Complex	177,617
Spring Street	23,999
Main Street	27,284
Sixteenth Street	25,322
Poplar Street	22,548
Florence	36,257
Cisler Street	<u>71,676</u>
Total Ohio Development Services Agency mortgages	<u>\$ 433,756</u>

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	\$ 68,040
Spring Street	5,237
Phillips Street	12,780
Hadley Lane	22,802
Poplar Street	10,681
Sixteenth Street	7,755
Main Street	7,970
Florence Street	<u>8,584</u>
Total Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities mortgages	<u>\$ 143,849</u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014**

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 th Street	71,830
Phillips Street	71,606
Hadley Lane	99,912
Gates Avenue	80,911
Main, Poplar, Florence, Shade, and 16 th 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>1,667,270</u>
Net fixed assets	<u><u>\$ 2,356,308</u></u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014**

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 \$17,500 for calendar year 2013 and \$18,000 for calendar year 2014, 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 \$23,000 for 2013 and \$23,500 for 2014. 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, 2014, for this Plan was \$141,206.

NOTE 8 – CAPITAL EQUIPMENT LEASE

Effective February 2013, the Community Action Program Corporation entered into a capital lease agreement to finance certain office equipment valued at \$27,080 under a 48-month term which matures February 2017. The balance of the capital lease payable as of March 31, 2014, is \$19,746, 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, 2014, was \$6,770, which includes principal and interest. Accumulated depreciation recognized in the Plant Fund on the copiers under capital lease totaled \$6,770 for the fiscal year ended March 31, 2014.

NOTE 9 - CONCENTRATIONS

The Community Action Program Corporation receives approximately 71 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 93.600	28
Housing Choice Voucher Program 14.871	28
Low Income Energy Assistance Program (LIHEAP) 93.568	19

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014**

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, 2014, on the line of credit is 3.25 percent. The line of credit balance was zero at March 31, 2014. 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, 2014, was \$150,216.

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 \$290,897 as of March 31, 2014. 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, 2014, is \$136,053. 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 \$61,285 as of March 31, 2014.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014**

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, 2014, totaled \$140,513 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.

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 2014, approximately \$98,000 was applied to insurance premiums over the September 1 through August 2014 plan year, thus reducing expenses to programs and corporate accounts for that period.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to March 31, 2014, through October 15, 2014, 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, 2014.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2014**

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, 2013	March 31, 2014		
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
DIRECT RECIPIENT:							
Head Start	93.600	05CH4042/47	\$ 241,678	\$ 431	\$ -	\$ 241,247	\$ 241,247
Head Start	93.600	05CH4042/48	1,661,243	-	-	1,661,243	1,661,243
Subtotal - Head Start 93.600			1,902,921	431	-	1,902,490	1,902,490
PASS THROUGH:							
THE OHIO ASSOCIATION OF SECOND HARVEST FOOD BANKS							
Cooperative Agreement to Support Navigators in Federally facilitated and State Partnership Exchanges	93.750	CA-NAV-13-001	7,283	-	1,343	8,626	8,626
PASS-THROUGH:							
MORGAN COUNTY DEPARTMENT OF JOB & FAMILY SERVICES							
Temporary Assistance for Needy Families:							
Ombudsman	93.558	2011	-	(6,888)	(6,888)	-	-
Ombudsman	93.558	2013	5,000	-	-	5,000	5,000
Kinship Navigator	93.558	2014	1,294	-	648	1,942	1,942
Subtotal - Temporary Assistance for Needy Families 93.558			6,294	(6,888)	(6,240)	6,942	6,942
PASS-THROUGH:							
OHIO DEVELOPMENT SERVICES AGENCY							
Low-Income Home Energy Assistance:							
Administrative - Operations	93.568	13-HA-147	58,464	(29,679)	-	88,143	88,143
Emergency	93.568	13-HE-247	(294,970)	(359,036)	-	64,066	64,066
Emergency	93.568	14-HE-247	837,500	-	(238,780)	598,720	598,720
Administrative - Operations	93.568	14-HA-147	181,901	-	(34,579)	147,322	147,322
Crisis Cooling Program	93.568	13-HC-247	44,324	-	-	44,324	44,324
PASS-THROUGH:							
COAD							
Low-Income Home Energy Assistance	93.568	12-133P	168,156	(10,286)	-	178,442	178,442
Low-Income Home Energy Assistance	93.568	13-133P	211,090	-	(30,533)	180,557	180,557
Subtotal - Low-Income Home Energy Assistance 93.568			1,206,465	(399,001)	(303,892)	1,301,574	1,301,574
PASS-THROUGH:							
OHIO DEVELOPMENT SERVICES AGENCY							
Community Services Block Grant	93.569	1213-41	183,897	12,735	-	171,162	171,162
Community Services Block Grant	93.569	1415-41	47,209	-	(13,372)	33,837	33,837
Subtotal - Community Services Block Grant 93.569			231,106	12,735	(13,372)	204,999	204,999
SUBTOTAL - U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			3,354,069	(392,723)	(322,161)	3,424,631	3,424,631

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014**

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, 2013	March 31, 2014		
U. S. DEPARTMENT OF ENERGY							
<u>PASS-THROUGH:</u>							
<u>COAD</u>							
Weatherization Assistance for Low-Income Persons	81.042	13-133 P	77,813	-	(24,166)	53,647	53,647
SUBTOTAL - U. S. DEPARTMENT OF ENERGY			77,813	-	(24,166)	53,647	53,647
U. S. DEPARTMENT OF LABOR							
<u>PASS-THROUGH:</u>							
<u>O.V.E.R.</u>							
One Stop - ODJFS	17.207	n/a	-	13,602	-	(13,602)	(13,602)
Disabled Veterans Outreach Program (DVOP) - One Stop	17.801	n/a	-	3,453	-	(3,453)	(3,453)
Local Veterans Employment Representative Program - One Stop	17.804	n/a	-	295	-	(295)	(295)
Subtotal - Employment Services Cluster 17.207, 17.801, and 17.804			-	17,350	-	(17,350)	(17,350)
<u>PASS-THROUGH:</u>							
<u>SENIOR SERVICE AMERICA, INC.</u>							
Senior Community Services Program:							
Employment Program-Title V	17.235	PY12-13-163	64,579	598	-	63,981	63,981
Senior Aide Program	17.235	PY13-14-163	121,027	-	(864)	120,163	120,163
Subtotal - Senior Community Services 17.235			185,606	598	(864)	184,144	184,144
<u>PASS THROUGH:</u>							
<u>O.V.E.R.</u>							
<u>WIA Cluster:</u>							
WIA - Adult Program	17.258	2012-2013	40,005	(9,516)	-	49,521	49,521
WIA - Adult Program	17.258	2013-2014	77,452	-	(475)	76,977	76,977
WIA - Youth Activities	17.259	2012-2013	44,294	9,149	-	35,145	35,145
WIA - Youth Activities	17.259	2013-2014	99,458	-	2,191	101,649	101,649
WIA - Dislocated Workers	17.278	2012-2013	36,873	7,372	-	29,501	29,501
WIA - Dislocated Workers	17.278	2013-2014	47,085	-	(26)	47,059	47,059
One Stop Branding	17.258	2013-2014	6,000	-	(80)	5,920	5,920
Rapid Response	17.278	Rapid Resp FY 2013	11,096	-	2,638	13,734	13,734
Subtotal - WIA Cluster 17.258-17.260 and 17.278			362,263	7,005	4,248	359,506	359,506
NEG Ohio Disaster	17.277	NEG 26 Wind	195,749	5,935	1,490	191,304	191,304
NEG Ohio Disaster	17.277	NEG 25 Flood	141,248	4,629	14,528	151,147	151,147
Subtotal - NEG Ohio Disaster 17.277			336,997	10,564	16,018	342,451	342,451
SUBTOTAL - U. S. DEPARTMENT OF LABOR			884,866	35,517	19,402	868,751	868,751

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Program Number</u>	<u>Cash Received (Net of Funds Returned)</u>	<u>Grant Funds Receivable (Deferred Revenue)</u>		<u>Net Revenue Recognized</u>	<u>Federal Disbursements/ Expenditures</u>
				<u>March 31, 2013</u>	<u>March 31, 2014</u>		
U. S. DEPARTMENT OF VETERANS AFFAIRS							
Supportive Services for Veteran Families Program	64.033	14-OH-265	99,068	-	2,808	101,876	101,876
SUBTOTAL - U. S. DEPARTMENT OF VETERANS AFFAIRS			99,068	-	2,808	101,876	101,876
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
<u>PASS-THROUGH:</u> <u>CITY OF MARIETTA</u>							
Neighborhood Stabilization Program	14.228	A-Z-08-289-1	(573)	(572)	-	(1)	(1)
<u>PASS THROUGH:</u> <u>MORGAN COUNTY SCHOOLS</u>							
Emergency Shelter Grants Program	14.231	2012-2013	9,034	1,048	-	7,986	7,986
Emergency Shelter Grants Program	14.231	2013-2014	17,190	-	1,206	18,396	18,396
Subtotal - Emergency Solutions Grants Program 14.231			26,224	1,048	1,206	26,382	26,382
<u>PASS-THROUGH:</u> <u>CITY OF MARIETTA</u>							
HUD Shelter Plus Care	14.238	OH0428L5E071201	20,034	-	3,451	23,485	23,485
<u>PASS-THROUGH:</u> <u>CITY OF MARIETTA</u>							
HUD Section 8 Housing Choice Vouchers	14.871	OH16-V077	1,922,280	(182,089)	(156,234)	1,948,135	1,948,135
SUBTOTAL - U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,967,965	(181,613)	(151,577)	1,998,001	1,998,001
U. S. DEPARTMENT OF AGRICULTURE							
<u>PASS-THROUGH:</u> <u>OHIO DEPARTMENT OF HEALTH</u>							
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	8460011WA0613	160,106	(23,982)	-	184,088	184,088
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	8460011WA0614	174,512	-	(20,554)	153,958	153,958
Subtotal - Women, Infants, and Children (WIC) 10.557			334,618	(23,982)	(20,554)	338,046	338,046
<u>PASS-THROUGH:</u> <u>OHIO DEPARTMENT OF EDUCATION</u>							
Child and Adult Care Food Program	10.558	n/a	78,988	-	-	78,988	78,988
SUBTOTAL - U. S. DEPARTMENT OF AGRICULTURE			413,606	(23,982)	(20,554)	417,034	417,034
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,797,387</u>	<u>\$ (562,801)</u>	<u>\$ (496,248)</u>	<u>\$ 6,863,940</u>	<u>\$ 6,863,940</u>

**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, 2014**

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 2014 totaled \$360,060.

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.

NOTE D - NON-CASH ASSISTANCE

Approximately \$682,888 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 \$682,888 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 YEAR ENDED MARCH 31, 2014**

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, 2014, is unmodified. The opinion is dated October 15, 2014.

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 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, 2014. The opinion is dated October 15, 2014.

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 YEAR ENDED MARCH 31, 2014**

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
17.258-17.260 & 17.278	U. S. Department of Labor WIA Cluster
17.277	U. S. Department of Labor Workforce Investment Act (WIA) National Emergency Grants
93.568	U. S. Department of Health and Human Services Low-Income Home Energy Assistance Program

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, 2014.

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, 2014.



**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, 2014, and the related modified cash basis statements of support, revenue, and expenses, changes in net assets, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2014.

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 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 CAP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zeno Pocke, Kelly and Copeland, PC

Wheeling, West Virginia
October 15, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY 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, 2014. 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, 2014.

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, Kelly and Copeland, PC

Wheeling, West Virginia
October 15, 2014

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATUS OF PRIOR YEAR AUDIT FINDINGS/COMMENTS
MARCH 31, 2014**

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