

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

AUDIT REPORT

MARCH 31, 2020

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
MARCH 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
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 (a nonprofit organization), which comprise the statement of financial position as of March 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Action Program Corporation of Washington-Morgan Counties, Ohio as of March 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, The Community Action Program Corporation of Washington-Morgan Counties, Ohio adopted Financial Accounting Standards Update 2017-09 – *Revenue from Contracts with Customers* (Topic 606) and Financial Accounting Standards Update 2018-08 *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), which was effective for the current fiscal year. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2020, on our consideration of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over financial reporting and compliance.

Zeno, Rock, Lilly & Copeland, PC

Wheeling, West Virginia
October 13, 2020

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020**

ASSETS

Cash and cash equivalents	\$ 1,679,007
Savings and certificates of deposit	489,575
Grants and contracts receivable	596,924
Other receivables	105,513
Inventory	35,568
Prepaid expenses	121,307
Fixed assets, net of accumulated depreciation of \$2,646,301	<u>1,871,786</u>
TOTAL ASSETS	<u>\$ 4,899,680</u>

LIABILITIES

Accounts payable	\$ 147,196
Accrued payroll, benefits, and taxes	331,449
Accrued Health Benefits Reserve (MERP)	45,526
Accrued vacation and related benefits	470,964
Deferred revenue	461,538
Unearned program and management fees	5,841
Security/escrow deposits and other funds held in trust	165,515
Mortgages payable – soft mortgages	<u>560,324</u>
Total liabilities	<u>2,188,353</u>

NET ASSETS

Net assets – without donor restriction	2,357,905
Net assets – with donor restriction	<u>353,422</u>
Total net assets	<u>2,711,327</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,899,680</u>

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020**

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUES			
Federal grants and contracts	\$ 8,904,202	\$ -	\$ 8,904,202
State, local, and other grants and contracts	270,318	494,670	764,988
Fee-for-service and vendor contracts	984,898	-	984,898
Contributions	250,693	896	251,589
Program income, rents, and fees	368,705	-	368,705
Gain on sale of fixed assets	52,057	-	52,057
Loan amortization income	47,592	-	47,592
Miscellaneous income	35,608	-	35,608
Interest income	9,700	-	9,700
Net assets released from restriction	384,985	(384,985)	-
Total support and revenues	<u>11,308,758</u>	<u>110,581</u>	<u>11,419,339</u>
EXPENSES			
Program and corporate services	11,157,231	-	11,157,231
Management and general	261,752	-	261,752
Total expenses	<u>11,418,983</u>	<u>-</u>	<u>11,418,983</u>
Change in net assets	(110,225)	110,581	356
NET ASSETS, BEGINNING OF YEAR	<u>2,468,130</u>	<u>242,841</u>	<u>2,710,971</u>
NET ASSETS, END OF YEAR	<u><u>\$ 2,357,905</u></u>	<u><u>\$ 353,422</u></u>	<u><u>\$ 2,711,327</u></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
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>Senior and Community Services</u>	<u>Housing and Transportation</u>	<u>Employment and Training</u>	<u>Children's Programs</u>	<u>Health Programs</u>
EXPENDITURES					
Salaries and wages	\$ 1,102,511	\$ 478,986	\$ 698,810	\$ 1,479,865	\$ 185,803
Fringe benefits	436,149	216,851	166,752	606,003	82,925
Travel and transportation	114,017	7,383	6,898	47,363	3,033
Contractual and other professional fees	51,896	11,902	3,019	80,396	1,645
Communications	20,968	6,262	5,340	21,436	6,878
Occupancy, facility costs, and rents	346,319	8,916	6,769	116,200	27,806
Housing assistance payments	2,026,092	-	-	46	-
Insurances	37,334	51,170	15,143	47,399	17,683
Supplies	132,164	20,268	66,164	161,089	16,528
Equipment and equipment maintenance	50,760	17,966	77,833	55,648	4,484
Materials	-	159,805	-	-	-
Vehicle operations	14,014	68,667	13,470	576	-
Housing rehabilitation	-	40,600	-	-	-
Participant costs	1,514	-	30,304	525	-
Emergency assistance	559,097	-	-	-	-
Food costs	323,993	-	-	111,684	-
Other costs	19,386	2,227	96	7,719	36
Depreciation	-	-	-	-	-
Total expenditures	<u><u>\$ 5,236,214</u></u>	<u><u>\$ 1,091,003</u></u>	<u><u>\$ 1,090,598</u></u>	<u><u>\$ 2,735,949</u></u>	<u><u>\$ 346,821</u></u>

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

**The Community Action Program Corporation
of Washington-Morgan Counties Ohio
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>Corporate Services</u>	<u>Total Program and Corporate Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
EXPENDITURES				
Salaries and wages	\$ 220,837	\$ 4,166,812	\$ 22,453	\$ 4,189,265
Fringe benefits	92,948	1,601,628	8,785	1,610,413
Travel and transportation	7,142	185,836	7,153	192,989
Contractual and other professional fees	5,744	154,602	5,007	159,609
Communications	4,043	64,927	352	65,279
Occupancy, facility costs, and rents	146,940	652,950	8,254	661,204
Housing assistance payments	14,568	2,040,706	-	2,040,706
Insurances	72,315	241,044	3,040	244,084
Supplies	9,470	405,683	9,247	414,930
Equipment and equipment maintenance	6,059	212,750	1,691	214,441
Materials	51,449	211,254	8,618	219,872
Vehicle operations	23,863	120,590	2,057	122,647
Housing rehabilitation	-	40,600	-	40,600
Participant costs	-	32,343	506	32,849
Emergency assistance	-	559,097	-	559,097
Food costs	-	435,677	-	435,677
Other costs	1,268	30,732	54,236	84,968
Depreciation	-	-	130,353	130,353
 Total expenditures	 <u>\$ 656,646</u>	 <u>\$ 11,157,231</u>	 <u>\$ 261,752</u>	 <u>\$ 11,418,983</u>

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 356
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:	
Depreciation	130,353
Amortization of soft mortgages	(47,592)
Interest capitalized on certificates of deposit	(9,120)
Gain on sale of fixed assets	(52,057)
Changes in assets and liabilities:	
Prepaid expenses	(41,694)
Grants, contracts, and other receivables	(193,692)
Inventory	(3,304)
Accounts payable	(7,418)
Accrued payroll, benefits, and taxes	147,229
Accrued vacation and related benefits	38,912
Accrued Health Benefits Reserve (MERP)	(77,743)
Unearned program and management fees	18
Security/escrow deposits and other funds held in trust	32,443
Funds due to grantor	(66,305)
Deferred revenue	202,996
Net cash provided by operating activities	<u>53,382</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of fixed assets	66,503
Purchase of fixed assets	(19,460)
Net cash provided by investing activities	<u>47,043</u>

Increase in cash	100,425
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,578,582</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,679,007</u></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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 1 – ORGANIZATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Organization’s management evaluates the estimates and assumptions based upon historical experiences and various other factors and circumstances. Management believes that the estimates and assumptions are reasonable in the circumstances. However, the actual results may differ from those estimates.

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and any unrestricted highly liquid investments with an initial maturity of 3 months or less. Certificates of deposit are excluded from cash equivalents, as they had maturity dates beyond 3 months. The Organization paid no income taxes and no interest expenses in fiscal year 2020.

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

Cash balances on the statement of financial position include \$129,821 in HUD Escrow funds and \$59,568 in Representative Payee funds. Portions of these cash balances represent the amounts held on a client's behalf and are not available for the general obligations of the Organization. The amount held on behalf of clients totaled \$165,515 as of March 31, 2020, and is also reported in the liability section of the statement of financial position as client funds held in trust. Remaining cash balances (\$23,874) represent administrative fees earned by the Organization, but not spent as of March 31, 2020.

Fixed Assets and Space Costs

For financial reporting purposes, all acquisitions of property, plant, and equipment generally in excess of \$5,000, and expenditures for repairs, maintenance, renewals, and betterments that add value to the property or materially prolong the useful lives of the assets, are capitalized. Property and equipment are recorded at cost or, if donated, at fair value at the date of donation. Repairs and maintenance that do not extend the lives of the applicable assets are charged to expense as incurred.

Depreciation and amortization of property, plant, and equipment are calculated using the straight-line method over the estimated useful lives of the assets: 30 to 40 years for improvements and buildings and 3 to 7 years for vehicles and equipment.

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

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

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

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory – Weatherization inventory is purchased with corporate funds, and programs are charged on an actual usage basis. The corporate funds are reimbursed for these amounts, and expenses are recorded in the programs based on the materials used. The remaining weatherization inventory of approximately \$19,980, valued at cost, is reported on the Organization's statement of financial position as of the fiscal year-end. Food inventory related to nutrition programs is also recorded at cost and is expensed to the applicable program when used. The balance of food inventory on hand as of March 31, 2020, was approximately \$15,588. All other minor supplies are charged to expense during the period of purchase. Total inventory balances of \$35,568 are reported on the statement of financial position as of March 31, 2020.

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

Accounts Receivable – Accounts receivable balances are comprised of various fee-for-service billings, rents, donations, and other contract arrangement amounts billed and due as of year-end. Provisions are made for estimated uncollectible accounts receivable. The Organization's estimate of uncollectible accounts receivable is based on historical collection experience, a review of the current status of accounts receivable, and management judgment. There was no provision for uncollectible accounts receivable as of March 31, 2020, as management believes all amounts are collectible in full.

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

Revenue Recognition

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

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. Grants accounted for as exchange transactions are recorded as revenue at the time the related grant expenses are incurred or when services are provided. A receivable is recorded to the extent that grants earned exceed grant funds received.
- d. The Organization records grant/contract advances as deferred revenue until they are expended for the purpose of the grant/contract, at which time they are recognized as revenue. Deferred revenue as of March 31, 2020, represents amounts received under contracts that will be expended in a future period, in accordance with the grant/contract period.
- e. Funds due to grantor are the amounts which are due back to grantors at year-end for unspent grant funds at the close of the grant period.

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

In-kind contributions are recorded at fair value and are recognized as revenue in the accounting period when they are received. In-kind contributions are not included in the statement of activities as of March 31, 2020, as the criteria for recognition under U.S. generally accepted accounting principles has not been met. U.S. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would be purchased if they are not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. In-kind contributions that are used for grant matching purposes only are detailed in Note 6.

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

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

Cost Allocations – Costs are allocated to benefitting programs using various allocation methods, depending on the joint cost allocated. Joint costs are those costs incurred for the common benefit of all agency programs, but which cannot be readily identified with a final cost objective.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In accordance with the Office of Management and Budget (“OMB”) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, or Uniform Guidance, the Organization follows the cost allocation methods below:

Wages and Salaries

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

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

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

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

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

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

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

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Income Taxes

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

The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition or the results of operations. Accordingly, the Organization has not recorded any reserves, or the related accruals, for interest and penalties for uncertain income tax positions as of March 31, 2020.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to fiscal year 2017.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

Change in Accounting Principles

The Organization implemented Accounting Standards Update ("ASU") No. 2017-09 – *Revenue from Contracts with Customers* (Topic 606), as amended, and also implemented ASU No. 2018-08 – *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), as management believes these standards improve the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of the standards resulted in no significant changes in the way the Organization recognizes revenue, and, therefore, no changes to the previously issued audited financial statements were required on a retrospective basis.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 4 – LIQUIDITY

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

Cash and cash equivalents	\$ 1,679,007
Savings and certificates of deposit	489,575
Grants, contracts, and other receivables	702,437
Cash balances held on clients' behalf	(165,515)
Revenue received in advance (deferred revenue and funds due to grantor)	(461,538)
Cash reserved to fund accrued vacation and related benefits and the Medical Expense Reimbursement Program (MERP)	(516,490)
Financial assets for specific donor purposes	<u>(353,422)</u>
Total	<u>\$ 1,374,054</u>

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

NOTE 5 – RELATED-PARTY

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

The 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, 2020, which would permit the Organization to have access to net asset values of the PIP Trust. Therefore, as of March 31, 2020, the Organization does not have an ongoing economic interest in the net assets of the PIP Trust.

The PIP Trust donated \$50,000 to the Organization in fiscal year 2020. There were no additional transactions between the PIP Trust and the Organization for the fiscal year ended March 31, 2020.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 6 – IN-KIND AND LOCAL CASH MATCHES

The Community Action Program Corporation of Washington-Morgan Counties, Ohio receives a significant amount of donated services from unpaid volunteers and parents who assist primarily in the operation of the federal Head Start program. No amounts have been recognized in the statement of activities for these services because the criteria for recognition under U.S. GAAP was not met. The Organization reported \$712,296 of required local share in-kind funds for grant reporting purposes on the Head Start Grant Number 05CH01085801 final report.

In-kind wages are valued at the state minimum wage rates per hour donated on the respective program. For fiscal year 2020, the rates used were \$8.55 (2019) and \$8.70 (2020) per hour, in accordance with the State of Ohio minimum wage rate, plus fringe benefits afforded to employees.

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

In-kind was obtained for the year ended March 31, 2020, and has been allocated to federal programs as follows:

In-kind Wages and Fringe Benefits

U.S. Department of Health and Human Services – Head Start	<u>\$ 852,084*</u>
Total in-kind wages and fringe benefits	<u>\$ 852,084</u>

*Amount was in excess of the required local share amount of \$712,296 reported for grant purposes.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

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

The current grant and contract funds receivable and deferred revenue balances are from 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 \$596,924 for program funds receivable and \$461,538 for deferred revenue as of March 31, 2020, are made up of the following:

PROGRAM FUNDS RECEIVABLE:

Federal Programs

HUD – Shelter Plus Care	\$ 3,643
HHS – Head Start	131,547
Buckeye Hills Regional Development District – Senior Programs	47,827
Morgan County DJFS – Title XX	13,984
Morgan County DJFS – Kinship Navigator	4,423
Department of Veteran's Affairs – SSVF	21,622
ODH – WIC	12,775
Morgan County Schools Prevention	6,950
Ohio Department of Education – USDA	13,895
DOL – O.V.E.R. – Morgan Flood	28,835
DOL – O.V.E.R. – Washington Flood	28,758
DOL – O.V.E.R. – Noble Flood	14,111
DOL – O.V.E.R. – Opioid Grant	3,441
ODSA – Community Services Block Grant	36,575
COAD – HHS – HWAP Enhancement	24,431
COAD – HWAP HHS	37,048
ODSA HEAP Admin.	34,046
Total program funds receivable – federal programs	<u>463,911</u>

State, Local, and Other Programs

Buckeye Hills – Passport and Block Grant	17,055
Washington County – Senior Levy	96,411
Ohio Development Services Agency – HCRP	12,122
ODSA – Targeted RR	5,841
Morgan County – Senior Levy	1,479
ODSA – PIPP	105
Total program funds receivable – state, local, and other programs	<u>133,013</u>

Total program funds receivable	<u><u>\$ 596,924</u></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, 2020**

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

DEFERRED REVENUE:

Federal Programs

HUD Housing Choice Vouchers & Administration	\$ 125,027
HUD – Mainstream Voucher Program	36,032
ODSA – Community Services Block Grant	87,184
Ohio Development Services Agency/COAD – HWAP HHS	44,854
Ohio Development Services Agency/HHS – HEAP Admin	66,063
COAD – HWAP Enhancement	18,110
Ohio Development Services Agency/HHS – HEAP Emergency	61,451
Ohio Development Services Agency/COAD – HWAP DOE	<u>10,025</u>
Total deferred revenue – federal programs	<u>448,746</u>

State and Local Programs

ODSA – HEAP PIPP	7,792
Sisters of St. Joseph Fund	<u>5,000</u>
Total deferred revenue – state and local programs	<u>12,792</u>

Total deferred revenue	<u><u>\$ 461,538</u></u>
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NOTE 8 – LONG-TERM DEBT

The Organization records debt obligations on assets purchased with grant assistance. The following schedule details the outstanding commitments based on grant and loan agreements for the various properties purchased and signed by, or prior to, March 31, 2020:

Total second mortgages in the name of the Ohio Department of Mental Health, as detailed on the following pages	\$ 252,177
Total second mortgages in the name of the Ohio Development Services Agency, as detailed on the following pages	283,848
Total second mortgages in the name of Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities, as detailed on the following pages	<u>24,299</u>
Total long-term debt	560,324
Current maturities	<u>(47,591)</u>
Long-term debt, net of current portion	<u><u>\$ 512,733</u></u>

Maturities of long-term debt are as follows:

Payable during the fiscal year ending March 31:

	<u>Soft Mortgages</u>
2021	\$ 47,591
2022	47,591
2023	47,591
2024	42,731
2025	40,301
Thereafter	<u>334,519</u>
Total	<u><u>\$ 560,324</u></u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 8 – LONG-TERM DEBT (CONTINUED)

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

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

Gates Avenue	\$ 24,300
Elm and Maple Streets	20,443
Fifth Street Property	22,085
East Bell	22,196
Wayne Street	12,701
Main Street	16,089
Scammel Street	33,020
Cisler Street	<u>101,343</u>
Total ODMH mortgages	<u>\$ 252,177</u>

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

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

Sharon Street Property	\$ 14,002
Wedgewood Drive Property	12,839
4 Units of the 8-Unit Complex	115,760
Spring Street	16,000
Main Street	18,667
Sixteenth Street	17,326
Poplar Street	15,428
Florence	24,812
Cisler Street	<u>49,014</u>
Total ODSA mortgages	<u>\$ 283,848</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 that the facilities are used for their agreed-upon purpose. Accordingly, the Organization has included these liabilities on the statement of financial position as of fiscal year-end. The debt is reduced by an amount equal to 1/180 each month.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 8 – LONG-TERM DEBT (CONTINUED)

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

Summit Street Property	<u>\$ 24,299</u>
Total Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities mortgages	<u>\$ 24,299</u>

NOTE 9 – FIXED ASSETS

As described in Note 2 to the financial statements, the Organization owns several buildings, vehicles, and equipment, which are recorded on the statement of financial position as of March 31, 2020.

Land	\$ 20,228
Buildings and improvements	<u>3,673,331</u>
Total land, buildings, and improvements	3,693,559
Vehicles	694,316
Equipment	<u>130,212</u>
Total fixed assets	4,518,087
Accumulated depreciation	<u>(2,646,301)</u>
Net fixed assets	<u>\$ 1,871,786</u>

Depreciation expense charged to operations during fiscal year 2020 totaled \$130,353.

NOTE 10 – PENSION PLAN

The Organization maintains a 401(k) Plan for eligible employees. All employees are eligible to participate in the Plan following the completion of one year of service and attainment of age 18. Employees may contribute a percentage of their total income on a pre-tax basis, not to exceed \$19,000 for calendar year 2019, and \$19,500 for calendar year 2020, except for employees that are eligible under the "catch-up" provisions. The catch-up provisions allow eligible employees of age 50 and over to make contributions up to \$25,000 for 2019, and \$26,000 for 2020. The Organization has elected to contribute 4 percent of each eligible employee's salary to the Plan, and each employee is eligible to earn up to a 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, 2020, for this Plan was \$171,226.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 11 – EQUIPMENT LEASE

The Organization entered into an operating lease agreement for certain office equipment under a 36-month term effective April 1, 2017, and maturing March 31, 2020. On March 19, 2020, the Organization entered into a new operating lease agreement under a 36-month term effective April 1, 2020, and maturing March 31, 2023. The balance remaining on this lease is \$45,936.

The following is a schedule of future minimum rental payments required under the above operating lease as of March 31, 2020:

<u>Year Ending March 31</u>	<u>Amount</u>
2021	\$ 15,312
2022	15,312
2023	15,312

NOTE 12 – CONCENTRATIONS

The Organization receives approximately 78 percent of its support and revenue through federal government grants. Approximately 68 percent of total federal funds are through the three programs noted below. Their percentage of funding to total federal funding is as follows:

<u>Program</u>	<u>Percent</u>
Head Start 93.600	30
Section 8 Housing Choice Voucher Program 14.871	24
Low-Income Energy Assistance Program (LIHEAP) 93.568	14

NOTE 13 – GRANT CONTINGENCIES

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

NOTE 14 – ACCRUED VACATION AND RELATED BENEFITS

The accrued vacation and employee benefits amount in the statement of financial position totaling \$470,964 is primarily comprised of accrued vacation balances totaling \$409,534, as well as related benefits and accruals related to accrued vacation wages totaling \$61,430.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 14 – ACCRUED VACATION AND RELATED BENEFITS (CONTINUED)

In addition, the Organization also funds a health care benefit for all employees, based on the level of the employee's accrued vacation balance at fiscal year-end. Employees earn one month of health insurance benefit for every 173 hours of vacation, rounded to the next whole month. This benefit allows for health insurance coverage during the time period that employees are paid their accrued vacation, up through their final termination or retirement date. During fiscal year 2020, adjustments were made to Management's estimate of this future benefit based on historical information related to employee terminations. Estimates at fiscal year-end March 31, 2020, include estimated costs related to employees who are considered to be on the retirement track, as many employees who are not with the Organization for a considerable amount of time typically cash out any vacation benefits available upon termination and, therefore, are not entitled to these health care benefits. Management believes this adjustment provides a more thorough basis for the estimate of these costs. 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 as termination/retirement occurs. Any credits due to changes in coverage, earned health insurance periods, or a surrender of benefits due to lump sum payments of accrued vacation or the death of an employee, are credited to the program where the initial expense was incurred.

The accrued vacation and related benefits were fully funded as of March 31, 2020, in the form of certificates of deposit and cash deposits in the MERP and Vacation cash accounts.

NOTE 15 – ACCRUED HEALTH BENEFITS RESERVE

The Organization maintains a Medical Expense Reimbursement Program ("MERP") to mitigate, as much as possible, health insurance expense increases. The Organization funds the MERP as health insurance since the use of a MERP helps to reduce insurance premiums paid to a third-party insurance provider. Employees' co-pays are paid from this fund after their applicable deductibles are met. Annually, an estimate of the funds needed to cover these expected costs is charged to the programs, and then a true-up is done at the end of the benefit year, and refunds are made back to the programs for balances that Management has determined are in excess of expected costs. Certain cash balances in the MERP account as of March 31, 2020, totaling \$180,646 are available to cover future claims not yet submitted, as estimated by management. However, these amounts have not been significant since the start of the MERP account. See details on program refunds below.

Therefore, excess balances in the MERP cash account are also used to fund the MERP benefits associated with accrued vacation, as well as additional funding for accrued vacation and related benefits. An amount of \$45,526 has been recorded as a liability in the financial statements for expected future benefits for health care costs associated with employees who plan to retire from the Organization and will take vacation benefits over a certain time period.

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 2020, approximately \$157,000 was applied to insurance premiums as monthly refunds, thus reducing expenses to programs and corporate accounts for that period. Reductions in insurance premiums will continue to be applied to program and corporate funds on a monthly basis until the end of the current plan year, August 31, 2020. At that time, the liability reserve amount will be analyzed for future claims, as previously discussed.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 16 – NET ASSETS WITH DONOR RESTRICTION

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

Donor-restricted net assets as of March 31, 2020, consist of the following:

Secret Santa Project (Morgan and Washington Counties)	\$ 4,421
Washington County Levy (Senior Programs)	<u>349,001</u>
Total	<u>\$ 353,422</u>

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the statement of financial position date through October 13, 2020, which is the date the financial statements were available to be issued and the report date.

In March 2020, the World Health Organization declared the spread of the Coronavirus ("COVID-19") as a worldwide pandemic. COVID-19 is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, additional costs of emergency preparedness, disease control and containment, potential shortages of personnel, or loss of revenue due to reductions in certain revenue streams. Management believes that the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of October 13, 2020.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2020**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Grant or Program Number	Passed through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>DIRECT RECIPIENT:</u>				
Head Start	93.600	05CH010858-01-02		<u>\$ 2,631,154</u>
<u>PASS-THROUGH:</u>				
<u>MORGAN COUNTY DEPARTMENT OF JOB & FAMILY SERVICES</u>				
Temporary Assistance for Needy Families:				
Kinship Navigator	93.558	2018-2019		9,357
Kinship Navigator	93.558	2019-2020		16,843
Subtotal - Temporary Assistance for Needy Families 93.558				<u>26,200</u>
Subtotal - TANF Cluster				<u>26,200</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEVELOPMENT SERVICES AGENCY</u>				
Low-Income Home Energy Assistance:				
Crisis Cooling Program	93.568	19-HC-247		46,136
Administrative - Operations	93.568	19-HA-147		165,577
Emergency	93.568	20-HE-247		468,549
Administrative - Operations	93.568	20-HA-147		<u>231,607</u>
<u>PASS-THROUGH:</u>				
<u>CORPORATION FOR OHIO APPALACHIAN DEVELOPMENT (COAD)</u>				
Home Weatherization Enhancement Program	93.568	18HE-133P		15,393
Home Weatherization Enhancement Program	93.568	19HE-133P		84,285
Low-Income Home Energy Assistance	93.568	18-133P		80,331
Low-Income Home Energy Assistance	93.568	19-133P		156,690
Subtotal - Low-Income Home Energy Assistance 93.568				<u>1,248,568</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEVELOPMENT SERVICES AGENCY</u>				
Community Services Block Grant T&TA	93.569	18-808		18,037
Community Services Block Grant	93.569	1819-41		129,530
Community Services Block Grant	93.569	2021-41		50,271
Subtotal - Community Services Block Grant 93.569				<u>197,838</u>
<u>PASS-THROUGH:</u>				
<u>BUCKEYE HILLS REGIONAL COUNCIL</u>				
Special Programs for the Aging - Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2019		2,311
Special Programs for the Aging - Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2020		1,015
Subtotal - Special Programs for the Aging 93.044				<u>3,326</u>
Special Programs for the Aging - Title III, Part C, Nutrition Services	93.045	2019		137,894
Special Programs for the Aging - Title III, Part C, Nutrition Services	93.045	2020		70,460
Subtotal - Special Programs for the Aging 93.045				<u>208,354</u>
Nutrition Services Incentive Program (NSIP)	93.053	2019		11,595
Nutrition Services Incentive Program (NSIP)	93.053	2020		9,715
Subtotal - Nutrition Services Incentive Program 93.053				<u>21,310</u>
Subtotal - Aging Cluster				<u>232,990</u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Program Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)				
<u>PASS-THROUGH:</u>				
<u>MORGAN COUNTY DEPARTMENT OF JOB & FAMILY SERVICES</u>				
Social Services Block Grant Meals	93.667	2019		24,445
Social Services Block Grant Meals	93.667	2020		21,824
Subtotal - Social Services Block Grant 93.667				<u>46,269</u>
SUBTOTAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>4,383,019</u>
U.S. DEPARTMENT OF ENERGY				
<u>PASS-THROUGH:</u>				
<u>CORPORATION FOR OHIO APPALACHIAN DEVELOPMENT (COAD)</u>				
Weatherization Assistance for Low-Income Persons	81.042	18-133P		16,805
Weatherization Assistance for Low-Income Persons	81.042	19-133P		152,487
Subtotal - Weatherization Assistance for Low-Income Persons 81.042				<u>169,292</u>
SUBTOTAL - U.S. DEPARTMENT OF ENERGY				<u>169,292</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS				
<u>DIRECT RECIPIENT:</u>				
VA Supportive Services for Veteran Families Program	64.033	14-OH-265 - 2019	\$ 38,356	244,007
VA Supportive Services for Veteran Families Program	64.033	14-OH-265 - 2020	33,827	283,371
Subtotal - VA Supportive Services for Veteran Families Program 64.033			<u>72,183</u>	<u>527,378</u>
SUBTOTAL - U.S. DEPARTMENT OF VETERANS AFFAIRS				<u>72,183</u> <u>527,378</u>
U.S. DEPARTMENT OF LABOR				
<u>PASS THROUGH:</u>				
<u>O.V.E.R.</u>				
WIOA Adult Program	17.258	2019-2020		30
WIOA Adult Program	17.258	2019-2020		66
Subtotal - WIOA Adult Program 17.258				<u>96</u>
Subtotal - WIOA Cluster 17.258				<u>96</u>
<u>PASS THROUGH:</u>				
<u>O.V.E.R.</u>				
Washington NDWG Disaster	17.277	Wash NDWG Disaster		208,102
Morgan NDWG Disaster	17.277	Morgan NDWG Disaster		199,676
NDWG - Opioids #3	17.277	NDWG - Opioids#3		6,132
Subtotal - WIOA National Dislocated Worker Grants/ WIA National Emergency Grants 17.277				<u>413,910</u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Program Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF LABOR (CONTINUED)				
<u>PASS THROUGH:</u>				
<u>O.V.E.R.</u>				
Washington NDWG Disaster	17.286	Wash NDWG Disaster		271,989
Morgan NDWG Disaster	17.286	Morgan NDWG Disaster		246,834
Noble NDWG Disaster	17.286	Noble NDWG Disaster		158,465
Subtotal - Hurricanes and Wildfires of 2017 Supplemental - National Dislocated Worker Grants 17.286				677,288
SUBTOTAL - U.S. DEPARTMENT OF LABOR				1,091,294
U.S. DEPARTMENT OF EDUCATION				
<u>PASS THROUGH:</u>				
<u>MORGAN COUNTY SCHOOLS</u>				
Education for Homeless Children and Youth	84.196	2018-2019		6,166
Education for Homeless Children and Youth	84.196	2019-2020		22,386
Subtotal - Education for Homeless Children and Youth 84.196				28,552
SUBTOTAL - U.S. DEPARTMENT OF EDUCATION				28,552
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<u>PASS-THROUGH:</u>				
<u>CITY OF MARIETTA</u>				
HUD Shelter Plus Care	14.238	OH0428L5E071706		6,372
HUD Shelter Plus Care	14.238	OH0428L5E071807		27,730
Subtotal - Shelter Plus Care 14.238				34,102
<u>PASS-THROUGH:</u>				
<u>CITY OF MARIETTA</u>				
HUD Section 8 Family Self-Sufficiency - 2018	14.896	FSS18OH2145-01-00		28,485
HUD Section 8 Family Self-Sufficiency - 2019	14.896	FSS20OH3259-01-00		11,483
Subtotal - Family Self-Sufficiency Program 14.896				39,968
HUD Administration 2018-2019 (HUD Section 8 Housing Choice Vouchers)	14.871	OH007 A		236,213
HUD Administration 2020 (HUD Section 8 Housing Choice Vouchers)	14.871	OH077 A		58,769
HUD Section 8 Housing Choice Vouchers - 2019	14.871	OH077 V & VASH		1,368,379
HUD Section 8 Housing Choice Vouchers - 2020	14.871	OH077 V & VASH		444,306
Subtotal - Section 8 Housing Choice Vouchers 14.871				2,107,667
HUD Mainstream Vouchers	14.879	OH077 Mainstream		43,623
HUD Mainstream Vouchers	14.879	OH077 Mainstream		19,260
Subtotal - Mainstream Vouchers 14.879				62,883
Subtotal - Housing Voucher Cluster				2,170,550
SUBTOTAL - U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				2,244,620

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Program Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE				
<u>DIRECT RECIPIENT:</u>				
Rural Housing Preservation Grants	10.433	HPG 17-19		<u>15,639</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEPARTMENT OF HEALTH</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	08460011WA1219		183,492
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	08460011WA1320		<u>163,330</u>
Subtotal - WIC Special Supplemental Nutrition Program for Women, Infants, and Children 10.557				<u>346,822</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEPARTMENT OF EDUCATION</u>				
Child and Adult Care Food Program	10.558	N/A		<u>97,586</u>
SUBTOTAL - U.S. DEPARTMENT OF AGRICULTURE				<u>460,047</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 72,183</u>	<u>\$ 8,904,202</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, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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 under programs of the federal government for the year ended March 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of The Community Action Program Corporation of Washington-Morgan Counties, Ohio, it is not intended to, and does not present the financial position, changes in net assets, or cash flows of The Community Action Program Corporation of Washington-Morgan Counties, Ohio.
- B. Basis of Accounting – Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein, certain types of expenditures are not allowable or are limited to reimbursement.

NOTE 2 – DE MINIMIS INDIRECT COST RATE

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

NOTE 3 – ADDITIONAL FEDERAL GRANT/EXPENDITURE INFORMATION

- A. 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.
- B. The Community Action Program Corporation of Washington-Morgan Counties, Ohio administers the HUD Housing Voucher Cluster Program for the City of Marietta. Those funds are included in the schedule of expenditures of federal awards.
- C. The Organization passed through approximately \$72,183 in federal funds to subrecipients under CFDA #64.033.

NOTE 4 – NON-CASH ASSISTANCE

Approximately \$712,296 in non-cash assistance was expended as part of federal programs, which are included on the SEFA. Details by program are included in Note 6 to the financial statements.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020**

SECTION I – SUMMARY OF AUDITOR’S RESULTS (CONTINUED)

Identification of major programs:

CFDA Number

Name of Federal Program

U.S. Department of Health and Human Services:

93.600

Head Start

93.568

Low-Income Home Energy Assistance

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

Auditee qualified as low-risk auditee:

 X Yes No

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, 2020.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
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 (a nonprofit organization), which comprise the statement of financial position as of March 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

James Pockel, Lilly & Copeland, PC

Wheeling, West Virginia
October 13, 2020



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

To the Board of Directors of
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 compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's major federal programs for the year ended March 31, 2020. The Community Action Program Corporation of Washington-Morgan Counties, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, The Community Action Program Corporation of Washington-Morgan Counties, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2020.

Report on Internal Control over Compliance

Management of The Community Action Program Corporation of Washington-Morgan Counties, Ohio is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over compliance.

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

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

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



Wheeling, West Virginia
October 13, 2020

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATUS OF PRIOR YEAR AUDIT FINDINGS/COMMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

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