

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

AUDIT REPORT

MARCH 31, 2015

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
MARCH 31, 2015**

	<u>Page Number</u>
Independent Auditor's Report	3 - 4
Financial Statements:	
Statement of Assets, Liabilities, and Net Assets-Modified Cash Basis	5
Statement of Support, Revenue, and Expenses-Modified Cash Basis	6
Statement of Changes in Net Assets-Modified Cash Basis	7
Statement of Functional Expenses-Modified Cash Basis	8 - 9
Notes to the Financial Statements	10 - 24
Schedule of Expenditures of Federal Awards	25 - 27
Notes to Schedule of Expenditures of Federal Awards	28
Schedule of Findings and Questioned Costs	29 - 30
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 <i>Government Auditing Standards</i>	31 - 32
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	33 - 34
Status of Prior Year Findings/Comments	35



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, 2015, 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.

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, 2015, 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 19, 2015, 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.



Wheeling, West Virginia
October 19, 2015

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS-MODIFIED CASH BASIS
MARCH 31, 2015**

ASSETS

Cash	\$ 1,796,507
Savings and certificates of deposit	482,670
Program funds receivable	116,519
Other receivables	500
Fixed assets at cost, net of accumulated depreciation of \$2,183,287	<u>2,322,427</u>
TOTAL ASSETS	<u>\$ 4,718,623</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Deferred revenue	\$ 391,689
Unearned program and management fees	9,644
Security/escrow deposits and funds held in trust	154,917
Payroll taxes and employee withholdings and accruals	183,030
Accrued vacation, leave, and employee benefits	461,564
Accrued health benefits reserve	158,305
Capital lease payable	12,976
Mortgages payable - financed	184,633
Mortgages payable - soft mortgages	<u>854,597</u>
Total liabilities	<u>2,411,355</u>

NET ASSETS - UNRESTRICTED

Operating - program and corporate	1,037,047
Operating - fixed assets	<u>1,270,221</u>
Total net assets	<u>2,307,268</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,718,623</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, 2015**

PUBLIC SUPPORT AND REVENUE

Federal grants and contracts, net of grant funds returned of \$185,226	\$ 7,237,534
State, local, and other grants and contracts	615,346
Fee for service and vendor contracts	1,540,331
Contributions	157,764
Program income	320,098
Total public support and revenue	<u>9,871,073</u>

OTHER REVENUE

Special events income	20,246
Miscellaneous income	44,209
Interest income	2,922
Total other revenue	<u>67,377</u>

TOTAL PUBLIC SUPPORT AND OTHER REVENUE	<u>9,938,450</u>
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EXPENSES

Program and corporate services	9,635,237
Management and general	128,160
Total expenses	<u>9,763,397</u>

EXCESS OF PUBLIC SUPPORT AND OTHER REVENUE OVER EXPENSES	<u>\$ 175,053</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, 2015

	Operating Net Assets-Unrestricted			Total
	Program	Corporate	Plant	Net Assets
BALANCES, MARCH 31, 2014, as previously reported	\$ (138,596)	\$ 1,019,152	\$ 1,217,704	\$ 2,098,260
Effect of change in capitalization policy	-	-	172,816	172,816
BALANCES, MARCH 31, 2014, as restated	(138,596)	1,019,152	1,390,520	2,271,076
Excess of public support and other revenue over expenses	134,034	41,019	-	175,053
Transfers	(25,611)	25,611	-	-
Transfer to plant fund: principal reduction and capital lease payments	-	(18,562)	18,562	-
Additions and disposals, net	-	-	(59,710)	(59,710)
Amortization of mortgage payable balances	-	-	67,836	67,836
Depreciation, net	-	-	(146,987)	(146,987)
BALANCES, MARCH 31, 2015	<u><u>\$ (30,173)</u></u>	<u><u>\$ 1,067,220</u></u>	<u><u>\$ 1,270,221</u></u>	<u><u>\$ 2,307,268</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-MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2015

	Senior and Community Services	Morgan Operations	Housing and Transportation	Employment and Training	Children's Programs	Miscellaneous Community Programs
EXPENDITURES						
Wages - employees	\$ 854,467	\$ 18,563	\$ 322,383	\$ 158,746	\$ 984,851	\$ 4,176
Wages - participants	-	-	-	254,501	-	-
Fringe benefits	421,622	7,105	178,603	132,992	420,389	2,594
Travel and transportation	88,475	1,294	213,673	12,892	62,215	207
Contractual	28,413	112	15,269	5,173	59,390	2,141
Communications	24,481	1,781	5,928	7,346	26,258	25
Participant support	75	-	-	24,348	5,512	-
Classroom training	-	-	-	65,656	-	-
Occupancy, facility costs, and rents	69,643	13,452	8,807	8,197	196,551	1,500
Emergency assistance	779,931	-	-	-	-	-
Housing assistance payments	2,027,909	-	-	-	-	-
Insurances	17,741	394	47,399	4,338	35,389	6
Supplies	55,820	480	14,410	14,544	23,229	400
Program supplies	40,094	13,803	-	221	144,856	-
Small tools, equipment, and equipment maintenance	35,853	1,066	10,656	9,877	24,887	210
Memberships and dues	8,402	2	1,005	622	3,406	-
Printing and photocopying	6,601	63	2,112	1,396	8,730	3
Miscellaneous	34,322	408	436	28	796	-
Food	239,418	-	-	-	74,855	-
Materials	-	-	136,315	-	-	-
Vehicle operations	17,702	-	64,201	2,803	8,188	-
Acquisition and renovation	-	-	48,009	-	-	38,330
Special events	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Total expenditures	<u>\$ 4,750,969</u>	<u>\$ 58,523</u>	<u>\$ 1,069,206</u>	<u>\$ 703,680</u>	<u>\$ 2,079,502</u>	<u>\$ 49,592</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, 2015

	Health Programs	Corporate Services	Total Program and Corporate Services	Management and General	Total Expenses
EXPENDITURES					
Wages - employees	\$202,068	\$ 171,834	\$ 2,717,088	\$ 11,303	\$ 2,728,391
Wages - participants	-	-	254,501	-	254,501
Fringe benefits	71,512	79,626	1,314,443	4,787	1,319,230
Travel and transportation	8,435	6,895	394,086	2,589	396,675
Contractual	1,861	3,766	116,125	2,862	118,987
Communications	6,990	2,336	75,145	95	75,240
Participant support	-	-	29,935	-	29,935
Classroom training	-	-	65,656	-	65,656
Occupancy, facility costs, and rents	33,363	100,922	432,435	11,057	443,492
Emergency assistance	-	-	779,931	-	779,931
Housing assistance payments	-	-	2,027,909	-	2,027,909
Insurances	8,727	47,606	161,600	109	161,709
Supplies	6,358	11,853	127,094	15,898	142,992
Program supplies	-	-	198,974	-	198,974
Small tools, equipment, and equipment maintenance	4,275	5,182	92,006	1,796	93,802
Memberships and dues	-	715	14,152	-	14,152
Printing and photocopying	-	1,206	20,111	593	20,704
Miscellaneous	1,157	106	37,253	25,998	63,251
Food	-	-	314,273	-	314,273
Materials	-	112,414	248,729	12,118	260,847
Vehicle operations	-	24,356	117,250	345	117,595
Acquisition and renovation	-	84	86,423	90	86,513
Special events	-	-	-	38,520	38,520
Interest expense	-	10,118	10,118	-	10,118
Total expenditures	\$344,746	\$ 579,019	\$ 9,635,237	\$ 128,160	\$ 9,763,397

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, 2015**

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.) 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. Likewise, Program Funds have also been grouped according to similar characteristics of the significant program services provided by The CAP.
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 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, 2015**

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, 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. This building and other buildings acquired for program and corporate services use, which have been acquired with the aid of grant awards, corporate funds, 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 (see Note 6). The remaining debt used to purchase or renovate these assets is also reflected on the financial statements (see Note 5). 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.

The CAP has established a Plant Fund wherein vehicles, buildings, and equipment meeting the \$5,000 capitalization threshold have been recorded at cost. 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, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Space costs are allocated to grants based on square footage occupied by each program. Effective January 1, 2015, occupancy costs are charged on direct square footage, not including common space, occupied by each program. Costs associated with buildings used specifically to provide services for a particular program are charged directly to that program.

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

Cash

Cash balances on the statement of assets, liabilities, and net assets-modified cash basis include \$67,224 in restricted HUD Escrow funds and \$43,618 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.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Donations

Donations are recognized when received.

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, 2015.

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, 2015.

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. In accordance with the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, or Uniform Guidance, effective December 26, 2014, The CAP made certain updates to cost allocation procedures. 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. Effective January 1, 2015, General Fiscal costs are charged to programs based on direct hours of total agency staff.

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. Effective January 1, 2015, the General Administrative, Human Resource, Executive Director, and Executive Secretary costs are accumulated and charged to programs based on direct hours of total agency staff.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Effective January 1, 2015, readings are taken regularly. Copier costs for General & Administrative (G & A), Fiscal, Audit, and Human Resources are accumulated and charged to programs based on direct hours of total agency staff.

Telephone - Telephone charges to the grants/programs are based on square footage occupied by the program. Effective January 1, 2015, communication costs are charged to programs based on the programs using the telephones including G & A, G & A, Fiscal, and Human Resource costs are then charged to programs based on direct hours of total agency staff.

Postage - Charges made directly to each program are based on the postage meter readings for each program as provided by the third-party vendor. Effective January 1, 2015, G & A, Fiscal, and Human Resource costs are charged to programs based on direct hours of total agency staff.

Utilities - Grants are charged based on square footage during the billing period. Effective January 1, 2015, G & A, Fiscal, and Human Resource costs are charged to programs based on direct hours of total agency staff.

Supplies - Programs purchase supplies as needed. Common office supplies are shared by all programs and are allocated on square footage percentages. Effective January 1, 2015, G & A, Fiscal, and Human Resource costs are charged back to programs based on direct hours of total agency staff.

Printing - Printing is directly charged to each program unless it is common printing, in which case it is allocated on the basis of employees, if personnel printing or, if not personnel printing, then square footage. Effective January 1, 2015, common printing is charged to G & A, Fiscal, or Human Resources. G & A, Fiscal, and Human Resource costs are charged back to programs based on direct hours of total agency staff.

Insurance - Insurance is allocated to benefiting programs depending on the equipment, space, or persons covered by the insurance. Effective January 1, 2015, G & A, Fiscal, and Human Resource costs are charged back to programs based on direct hours of total agency staff.

Rent - Occupancy charges for the corporate office are allocated by square footage. Occupancy is charged directly to the program using the facility. Effective January 1, 2015, G & A, Fiscal, and Human Resource costs are charged back to programs based on direct hours of total agency staff.

Travel - Travel is charged directly to the program or to Community Services Block Grant-Administration, if the travel is for general purposes. Effective January 1, 2015, G & A, Fiscal, and Human Resource costs are charged back to programs based on direct hours of total agency staff. Travel by G & A, Fiscal, or Human Resources for a specific program is charged as a direct cost to that program.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Effective January 1, 2015, the Dues and Subscriptions of the G & A, Fiscal, and Human Resource are charged to programs based on direct hours of total agency staff.

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 effect 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, 2015.

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 2012.

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, 2015, which would permit The CAP to have access to net asset values of the PIP Trust. Therefore, as of March 31, 2015, 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 2015. There were no additional transactions between the PIP Trust and The CAP for the fiscal year ended March 31, 2015.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015**

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 used for matching purposes was \$1,002,327.

In-kind wages are valued at the state minimum wage rates per hour donated on the respective program. For fiscal year 2015, the rate used was \$7.95 (2014) and \$8.10 (2015) per hour (in accordance with the State of Ohio minimum wage rate) plus fringe benefits afforded to employees.

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, 2015, and has been allocated to federal and state assisted programs as follows:

In-kind Wages and Fringe Benefits

*Senior Service America, Inc. - Senior Aides Title V Program	\$ 22,170
*U. S. Department of Health and Human Services - Head Start	971,686
Area Agency on Aging - Senior Programs (fee for service contract)	<u>8,471</u>
Total wages and fringe benefits	<u>1,002,327</u>
 Total in-kind match	 <u>\$ 1,002,327</u>

(* Denotes federal program)

These in-kind match amounts are not reflected in various line item expenses on the statement of functional expenses-modified cash basis.

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 \$116,519 for program funds receivable and \$391,689 for deferred revenue as of March 31, 2015, 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.)

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015**

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

PROGRAM FUNDS RECEIVABLE:

Federal Programs

Ohio Association of Second Harvest Foodbanks – Navigator	\$ 5,972
Morgan County DJFS – Kinship Navigator	733
U. S. Department of Veterans Affairs – SSVFP	6,404
O.V.E.R – WIA Dislocated	15,402
O.V.E.R – One Stop Rebranding	755
DHHS – Head Start	18,611
ODH – WIC	6,705
SSAI – Title V	7,504
HUD – Shelter Plus Care	26,633
HUD – Family Self Sufficiency	6,609
Morgan County Schools – Prevention	<u>2,133</u>
Total program funds receivable – federal programs	<u>97,461</u>

State, Local, and Other Programs

Washington County Senior Levy	1,108
Ohio Development Services Agency – Housing Assistance	5,504
Ohio Association of Foodbanks	5,696
Local Partners – WASCO and Colleges (One Stop)	<u>6,750</u>
Total program funds receivable – state, local, and other programs	<u>19,058</u>

Total program funds receivable	<u><u>\$ 116,519</u></u>
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DEFERRED REVENUE:

Federal Programs

Morgan County DJFS – Ombudsman	\$ 6,888
Ohio Development Services Agency – Emergency HEAP	222,531
Ohio Development Services Agency – Administrative HEAP	31,409
O.V.E.R. – WIA Youth	10,085
O.V.E.R. – WIA Adult	2,597
COAD – HWAP HHS	45,575
COAD – HWAP DOE	8,830
ODSA CSBG	656
City of Marietta – HUD Section 8 Program	<u>41,572</u>
Total deferred revenue – federal programs	<u>370,143</u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015**

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

<u>State and Local Programs</u>	
Housing Preservation Recapture Funds	14,020
Washington County Juvenile Court – Restitution	1,637
ODSA – OCD – Housing Assistance Grant	5,038
Banfield Trust	727
Washington County – Broadband	<u>124</u>
Total deferred revenue – state and local programs	<u>21,546</u>
 Total deferred revenue	 <u><u>\$ 391,689</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, 2015:

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 June 1, 2031.	\$ 149,595
Mortgage payable to bank in monthly installments of \$317.84, including interest at 5% per annum, secured by 1014 Hadley Lane property, maturing September 15, 2018.	12,160
Mortgage payable to bank in monthly installments of \$310.16, including interest at 5.25% per annum, secured by Summit Street property, maturing July 15, 2023.	22,878
Total second mortgages in the name of the Ohio Department of Mental Health as detailed on the following pages.	329,161
Total second mortgages in the name of the Ohio Development Services Agency as detailed on the following pages.	408,786
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>116,650</u>
Total long-term debt	1,039,230
Less current maturities	<u>74,960</u>
 Long-term debt, net of current portion	 <u><u>\$ 964,270</u></u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015**

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>
2016	\$ 8,208	\$ 66,752	\$ 74,960
2017	8,658	64,507	73,165
2018	9,288	64,507	73,795
2019	10,330	50,497	60,827
2020	10,839	47,591	58,430
Thereafter	<u>137,310</u>	<u>560,743</u>	<u>698,053</u>
Total	<u>\$ 184,633</u>	<u>\$ 854,597</u>	<u>\$ 1,039,230</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	\$ 34,897
Elm and Maple Streets	31,618
Fifth Street Property	29,188
East Bell	29,132
Wayne Street	16,670
Main Street	21,117
Scammel Street	43,340
Cisler Street	<u>123,199</u>
Total Ohio Department of Mental Health mortgages	<u>\$ 329,161</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, 2015**

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	\$ 23,658
Wedgewood Drive Property	21,693
4 Units of the 8 Unit Complex	167,320
Spring Street	22,665
Main Street	25,848
Sixteenth Street	23,989
Poplar Street	21,362
Florence	34,350
Cisler Street	<u>67,901</u>
 Total Ohio Development Services Agency mortgages	 <u>\$ 408,786</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	\$ 60,750
Spring Street	2,244
Phillips Street	9,585
Hadley Lane	17,827
Poplar Street	8,011
Sixteenth Street	5,816
Main Street	5,979
Florence Street	<u>6,438</u>
 Total Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities mortgages	 <u>\$ 116,650</u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015**

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 plant fund operating net asset balances.

Land	\$ 20,226
Buildings and improvements	<u>3,714,771</u>
Total land, buildings, and improvements	3,734,997
Vehicles	667,556
Equipment	<u>103,161</u>
Total fixed assets	4,505,714
Less accumulated depreciation	<u>2,183,287</u>
Net fixed assets	<u><u>\$ 2,322,427</u></u>

NOTE 7 – CHANGE IN CAPITALIZATION POLICIES AND RESTATEMENT OF PLANT FUND BALANCES

Due to changes in federal program guidance for not-for-profit entities and in an effort to enhance comparability of financial information among not-for-profit entities, The CAP began recognizing all agency fixed assets meeting The CAP's capitalization policies as plant fund assets. Previously, only debt-financed or partially debt-financed assets were recorded in the plant fund. The CAP believes that presentation of all agency-owned assets for financial reporting purposes will enhance information available to the public regarding the extent of assets available for agency use in fulfilling their mission statement, as well as the comparability to other not-for-profit reporting.

As a result of this change in accounting policies, The CAP has updated the plant fund balance as of March 31, 2014, to include all agency-owned assets as of the beginning of fiscal year 2015. Going forward, all assets meeting the capitalization policy (\$5,000) will be added to the plant fund.

Beginning plant fund balances and fixed asset balances have been restated to account for this change in accounting policy as stated below:

	<u>Balances Previously Reported</u>	<u>Effect of Restatement</u>	<u>March 31, 2014 Restated</u>
Land, building, and improvements	\$ 3,722,301	\$ 65,907	\$ 3,788,208
Equipment	61,745	47,915	109,660
Vehicles	<u>239,532</u>	<u>428,024</u>	<u>667,556</u>
Total fixed assets	4,023,578	541,846	4,565,424
Less accumulated depreciation	<u>1,667,270</u>	<u>369,030</u>	<u>2,036,300</u>
Net fixed assets	<u><u>\$ 2,356,308</u></u>	<u><u>\$ 172,816</u></u>	<u><u>\$ 2,529,124</u></u>
Plant fund net assets	<u><u>\$ 1,217,704</u></u>	<u><u>\$ 172,816</u></u>	<u><u>\$ 1,390,520</u></u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015**

NOTE 8 - 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 2014 and \$18,000 for calendar year 2015, 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 2014 and \$24,000 for 2015. 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, 2015, for this Plan was \$144,188.

NOTE 9 – 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, 2015, is \$12,976, 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, 2015, 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, 2015.

NOTE 10 - CONCENTRATIONS

The Community Action Program Corporation receives approximately 73 percent of its support and revenue through federal government grants. Approximately 73 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	27
Low Income Energy Assistance Program (LIHEAP) 93.568	18

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.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015**

NOTE 11 – 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 12 – 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, 2015, on the line of credit is 3.25 percent. The line of credit balance was zero at March 31, 2015. 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, 2015, was \$150,442.

NOTE 13 – 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 \$302,362 as of March 31, 2015. 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, 2015, is \$95,706. 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 \$63,496 as of March 31, 2015. The accrued vacation and related benefits were fully funded as of March 31, 2015, in the form of certificates of deposit and cash deposits in the vacation fund.

NOTE 14 - ACCRUED HEALTH BENEFITS RESERVE

The CAP maintains 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, 2015, totaled \$158,305 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.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015**

NOTE 14 - ACCRUED HEALTH BENEFITS RESERVE (CONTINUED)

On an annual basis at the end of each plan year (August 31), management performs an analysis of the funds available to meet future claims incurred during the plan year, but not yet submitted for payment. If the liability is determined to be in excess of expected claims, the remainder is used to reduce insurance premiums. During fiscal year 2015, approximately \$104,168 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, 2015, when the liability reserve amount will be analyzed for future claims as previously discussed.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to March 31, 2015, through October 19, 2015, 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 19, 2015.

**The Community Action Program Corporation of
Washington-Morgan Counties, Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MARCH 31, 2015**

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) March 31, 2014	March 31, 2015	Net Revenue Recognized	Federal Disbursements/ Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
DIRECT RECIPIENT:							
Head Start	93.600	05CH4042/48	\$ 236,426	\$ -	-	\$ 236,426	\$ 236,426
Head Start	93.600	05CH8371/01	1,740,552	-	18,611	1,759,163	1,759,163
Subtotal - Head Start 93.600			1,976,978	-	18,611	1,995,589	1,995,589
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	11,046	1,343	-	9,703	9,703
Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Marketplaces	93.332	1 NAVCA140134-01-00	17,652	-	5,972	23,624	23,624
Subtotal - Navigators Support			28,698	1,343	5,972	33,327	33,327
PASS-THROUGH:							
MORGAN COUNTY DEPARTMENT OF JOB & FAMILY SERVICES							
Temporary Assistance for Needy Families:							
Ombudsman	93.558	2011	-	(6,888)	(6,888)	-	-
Kinship Navigator	93.558	2013	18,039	648	-	17,391	17,391
Kinship Navigator	93.558	2014	2,632	-	733	3,365	3,365
Subtotal - Temporary Assistance for Needy Families 93.558			20,671	(6,240)	(6,155)	20,756	20,756
PASS-THROUGH:							
OHIO DEVELOPMENT SERVICES AGENCY							
Low-Income Home Energy Assistance:							
Administrative - Operations	93.568	14-HA-147	73,691	(34,579)	-	108,270	108,270
Emergency	93.568	14-HE-247	(162,471)	(238,780)	-	76,309	76,309
Emergency	93.568	15-HE-247	837,500	-	(222,531)	614,969	614,969
Administrative - Operations	93.568	15-HA-147	189,339	-	(31,409)	157,930	157,930
Crisis Cooling Program	93.568	14-HC-247	88,653	-	-	88,653	88,653
PASS-THROUGH:							
COAD							
Low-Income Home Energy Assistance	93.568	13-133P	37,112	(30,533)	-	67,645	67,645
Low-Income Home Energy Assistance	93.568	14-133 P	203,993	-	(45,575)	158,418	158,418
Subtotal - Low-Income Home Energy Assistance 93.568			1,267,817	(303,892)	(299,515)	1,272,194	1,272,194
PASS-THROUGH:							
OHIO DEVELOPMENT SERVICES AGENCY							
Community Services Block Grant	93.569	1415-41	171,057	(13,372)	(656)	183,773	183,773
SUBTOTAL - U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
			3,465,221	(322,161)	(281,743)	3,505,639	3,505,639

**The Community Action Program Corporation of
Washington-Morgan Counties, Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED MARCH 31, 2015**

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) March 31, 2014	March 31, 2015	Net Revenue Recognized	Federal Disbursements/ Expenditures
U. S. DEPARTMENT OF ENERGY							
PASS-THROUGH:							
COAD							
Weatherization Assistance for Low-Income Persons	81.042	14-133 P	103,408	-	(8,830)	94,578	94,578
Weatherization Assistance for Low-Income Persons	81.042	13-133 P	18,146	(24,166)	-	42,312	42,312
Subtotal - Weatherization Assistance for Low-Income Persons 81.042			121,554	(24,166)	(8,830)	136,890	136,890
SUBTOTAL - U. S. DEPARTMENT OF ENERGY			121,554	(24,166)	(8,830)	136,890	136,890
U. S. DEPARTMENT OF LABOR							
PASS-THROUGH:							
SENIOR SERVICE AMERICA, INC.							
Senior Community Services Program:							
Employment Program-Title V	17.235	PY13-14	79,523	(864)	-	80,387	80,387
Senior Aide Program	17.235	PY 14-15	117,831	-	7,504	125,335	125,335
Subtotal - Senior Community Service Employment Program 17.235			197,354	(864)	7,504	205,722	205,722
PASS THROUGH:							
O.V.E.R.							
WIA Cluster:							
WIAWIOA - Adult Program	17.258	2013-2014	29,720	(475)	-	30,195	30,195
WIAWIOA - Adult Program	17.258	2014-2015	105,783	-	(2,597)	103,186	103,186
WIAWIOA - Youth Activities	17.259	2013-2014	86,701	2,191	-	84,510	84,510
WIAWIOA - Youth Activities	17.259	2014-2015	125,787	-	(10,085)	115,702	115,702
WIAWIOA - Dislocated Worker Formula Grants	17.278	2013-2014	2,880	(26)	-	2,906	2,906
WIAWIOA - Dislocated Worker Formula Grants	17.278	2014-2015	33,809	-	15,402	49,211	49,211
One Stop Branding	17.258	2013-2014	(80)	(80)	-	-	-
One Stop Rebranding	17.258	2013-2014	-	-	755	755	755
Rapid Response	17.278	Rapid Resp FY 2013	23,786	2,638	-	21,148	21,148
Subtotal - WIA Cluster 17.258, 17.259, and 17.278			408,386	4,248	3,475	407,613	407,613
NEG Ohio Disaster	17.277	NEG 26 Wind	53,514	1,490	-	52,024	52,024
NEG Ohio Disaster	17.277	NEG 25 Flood	14,528	14,528	-	-	-
Subtotal - WIOA National Dislocated Worker Grants/WIA National Emergency Grants			68,042	16,018	-	52,024	52,024
SUBTOTAL - U. S. DEPARTMENT OF LABOR			673,782	19,402	10,979	665,359	665,359
U. S. DEPARTMENT OF VETERANS AFFAIRS							
Supportive Services for Veteran Families Program	64.033	14-OH-265	497,433	2,808	6,404	501,029	501,029
SUBTOTAL - U. S. DEPARTMENT OF VETERANS AFFAIRS			497,433	2,808	6,404	501,029	501,029

**The Community Action Program Corporation of
Washington-Morgan Counties, Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED MARCH 31, 2015**

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, 2014	March 31, 2015		
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
PASS-THROUGH: MORGAN COUNTY SCHOOLS							
Emergency Shelter Grants Program	14.231	2013-2014	9,216	1,206	-	8,010	8,010
Emergency Shelter Grants Program	14.231	2014-2015	14,350	-	2,133	16,483	16,483
Subtotal - Emergency Solutions Grants Program 14.231			23,566	1,206	2,133	24,493	24,493
PASS-THROUGH: CITY OF MARIETTA							
HUD Shelter Plus Care	14.238	OH0428L5E071201	9,062	3,451	-	5,611	5,611
HUD Shelter Plus Care	14.238	OH0428L5E071302	-	-	26,633	26,633	26,633
Subtotal - Shelter Plus Care 14.238			9,062	3,451	26,633	32,244	32,244
PASS-THROUGH: CITY OF MARIETTA							
HUD Section 8 Family Self Sufficiency	14.871	OH077FSH511A014	-	-	6,609	6,609	6,609
HUD Section 8 Housing Choice Vouchers	14.871	OH16-V077	1,814,794	(156,234)	(41,572)	1,929,456	1,929,456
Subtotal - Section 8 Housing Choice Vouchers 14.871			1,814,794	(156,234)	(34,963)	1,936,065	1,936,065
SUBTOTAL - U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,847,422	(151,577)	(6,197)	1,992,802	1,992,802
U. S. DEPARTMENT OF AGRICULTURE							
PASS-THROUGH: OHIO DEPARTMENT OF HEALTH							
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	8460011WA0614	172,139	(20,554)	-	192,693	192,693
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	8460011WA0815	145,332	-	6,705	152,037	152,037
Subtotal - Women, Infants, and Children (WIC) 10.557			317,471	(20,554)	6,705	344,730	344,730
PASS-THROUGH: OHIO DEPARTMENT OF EDUCATION							
Child and Adult Care Food Program	10.558	n/a	91,085	-	-	91,085	91,085
SUBTOTAL - U. S. DEPARTMENT OF AGRICULTURE			408,556	(20,554)	6,705	435,815	435,815
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,013,968	\$ (496,248)	\$ (272,682)	\$ 7,237,534	\$ 7,237,534

**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, 2015**

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 2015 totaled \$185,226.

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 \$993,856 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 \$993,856 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 (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015**

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	U. S. Department of Veterans Affairs
64.033	Supportive Services for Veteran Families Program
	U. S. Department of Housing and Urban Development
14.871	Section 8 Housing Choice Vouchers

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, 2015.

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, 2015.



**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, 2015, 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 19, 2015.

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.

A handwritten signature in black ink that reads "Zeno Pockel, Kelly & Copeland, PC." The signature is written in a cursive, flowing style.

Wheeling, West Virginia
October 19, 2015



**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, 2015. 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, 2015.

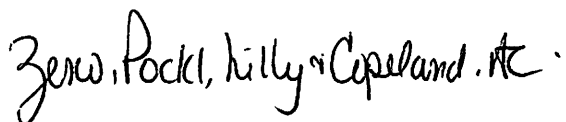
Report on Internal Control over Compliance

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.



Wheeling, West Virginia
October 19, 2015

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATUS OF PRIOR YEAR AUDIT FINDINGS/COMMENTS
MARCH 31, 2015**

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