

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

AUDIT REPORT

MARCH 31, 2016

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
MARCH 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Community Action Program Corporation of Washington-Morgan Counties, Ohio (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of March 31, 2016, 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, 2016, 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 14 to the financial statements, The Community Action Program Corporation of Washington-Morgan Counties, Ohio changed its method of accounting to comply with U.S. GAAP. 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 (CFR) 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 November 22, 2016, 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
November 22, 2016

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016**

ASSETS

Cash	\$ 1,738,569
Savings and certificates of deposit	479,447
Grants receivable	226,298
Other receivables	181,647
Inventory	29,081
Prepaid expense	36,624
Fixed assets, net of accumulated depreciation of \$2,301,846	<u>2,242,998</u>
TOTAL ASSETS	<u>\$ 4,934,664</u>

LIABILITIES

Accounts payable	\$ 172,760
Funds due to grantor	49,182
Accrued payroll, benefits, and taxes	212,489
Accrued Health Benefits Reserve (MERP)	160,221
Accrued vacation	460,809
Deferred revenue	232,283
Unearned program and management fees	5,908
Security/escrow deposits and funds held in trust	180,931
Capital lease payable	6,206
Mortgages payable - soft mortgages	<u>787,790</u>
Total liabilities	<u>2,268,579</u>

NET ASSETS

Net assets - unrestricted	<u>2,666,085</u>
Total unrestricted net assets	<u>2,666,085</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,934,664</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, 2016**

SUPPORT AND REVENUE

Federal grants and contracts	\$ 6,868,464
State, local, and other grants and contracts	588,627
Fee-for-service and vendor contracts	1,551,306
Contributions	187,711
Program income	314,652
Miscellaneous income	141,491
Interest income	2,748
Total support and revenues	<u>9,654,999</u>

EXPENSES

Program and corporate services	9,183,337
Management and general	249,890
Total expenses	<u>9,433,227</u>

Change in net assets	221,772
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UNRESTRICTED NET ASSETS, BEGINNING OF YEAR - RESTATED	<u>2,444,313</u>
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UNRESTRICTED NET ASSETS, END OF YEAR	<u><u>\$ 2,666,085</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
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Senior and Community Services</u>	<u>Morgan Operations</u>	<u>Housing and Transportation</u>	<u>Employment and Training</u>	<u>Children's Programs</u>	<u>Miscellaneous Community Programs</u>
EXPENDITURES						
Wages - employees	\$ 915,089	\$ 39,406	\$ 355,545	\$ 313,359	\$ 1,121,474	\$ 27
Fringe benefits	364,368	13,906	141,801	88,046	454,109	8
Travel and transportation	92,202	2,869	226,195	22,056	47,461	-
Contractual	30,100	283	18,354	4,034	83,274	112
Communications	22,817	1,626	5,794	6,656	25,269	-
Occupancy, facility costs, and rents	2,039,365	1,821	10,136	6,585	73,434	10,288
Insurances	27,182	499	40,698	7,159	41,844	1
Supplies	90,602	12,702	10,549	8,247	96,162	184
Equipment maintenance	40,573	1,050	16,707	8,309	26,357	37
Materials	-	-	114,461	-	-	-
Vehicle operations	14,118	-	50,764	-	9,071	-
Housing rehabilitation	-	-	15,241	-	-	-
Participant costs	112	-	-	190,356	5,500	-
Emergency assistance	621,845	-	-	-	-	-
Food costs	251,405	-	-	-	76,473	-
Miscellaneous	22,758	521	2,713	803	19,625	4,784
Depreciation	-	-	-	-	-	-
Total expenditures	<u>\$ 4,532,536</u>	<u>\$ 74,683</u>	<u>\$ 1,008,958</u>	<u>\$ 655,610</u>	<u>\$ 2,080,053</u>	<u>\$ 15,441</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, 2016**

	<u>Health Programs</u>	<u>Corporate Services</u>	<u>Total Program and Corporate Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
EXPENDITURES					
Wages - employees	\$ 203,949	\$ 148,324	\$ 3,097,173	\$ 13,979	\$ 3,111,152
Fringe benefits	73,639	52,442	1,188,319	4,734	1,193,053
Travel and transportation	3,482	2,090	396,355	20,786	417,141
Contractual	1,729	5,554	143,440	3,993	147,433
Communications	6,914	2,964	72,040	90	72,130
Occupancy, facility costs, and rents	27,876	105,576	2,275,081	9,395	2,284,476
Insurances	12,012	55,528	184,923	817	185,740
Supplies	7,223	4,912	230,581	1,544	232,125
Equipment maintenance	4,351	3,412	100,796	578	101,374
Materials	-	59,670	174,131	-	174,131
Vehicle operations	-	21,655	95,608	320	95,928
Housing rehabilitation	-	-	15,241	3,548	18,789
Participant costs	-	-	195,968	-	195,968
Emergency assistance	-	-	621,845	-	621,845
Food costs	-	-	327,878	-	327,878
Miscellaneous	2,202	10,552	63,958	55,646	119,604
Depreciation	-	-	-	134,460	134,460
	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,460</u>	<u>134,460</u>
Total expenditures	<u>\$ 343,377</u>	<u>\$ 472,679</u>	<u>\$ 9,183,337</u>	<u>\$ 249,890</u>	<u>\$ 9,433,227</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, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 221,772
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:	
Depreciation	134,460
Amortization of soft mortgages	(66,807)
Interest capitalized on certificates of deposit	(513)
Changes in assets and liabilities:	
Prepaid expense	(7,704)
Grants and accounts receivable	202,687
Inventory	(29,081)
Accounts payable	(211,127)
Accrued payroll, benefits, and taxes	29,459
Accrued vacation	(755)
Accrued health benefits reserve (MERP)	1,916
Unearned program and management fees	(3,736)
Security/escrow deposits and other funds held in trust	26,014
Funds due to grantor	(170,733)
Deferred revenue	59,934
Net cash provided by operating activities	<u>185,786</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from maturity of certificated of deposit	2,710
Purchase of fixed assets	(55,031)
Net cash used in investing activities	<u>(52,321)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on long-term debt	(184,633)
Payments on capital lease payable	(6,770)
Net cash used in financing activities	<u>(191,403)</u>
Decrease in cash	(57,938)
CASH, BEGINNING OF YEAR	<u>1,796,507</u>
CASH, END OF YEAR	<u><u>\$ 1,738,569</u></u>

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION - The financial statements of The Community Action Program Corporation of Washington-Morgan Counties, Ohio have been prepared in conformity with accounting principles generally accepted in the United States of America. The more significant of these policies and practices are summarized below.

Account Classification

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

Fixed Assets and Space Costs

Property, plant, and equipment purchased are stated at cost. Donated assets are recorded at their estimated fair market values at the date of contribution. The Organization has established a policy of capitalizing all assets exceeding \$5,000. Maintenance, repairs, and minor improvements are charged to operating expense as incurred. Major improvements are capitalized.

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

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

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 taxes and paid \$6,192 in interest expenses in fiscal year 2016.

In addition, the Organization's cash is held in accounts where balances exceed the \$250,000 federal insurance limit. 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 \$94,117 in HUD Escrow funds and \$51,537 in Representative Payee funds.

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. Any remaining inventory, valued at cost, is reported on the Organization's statement of financial position as of the fiscal year end. All other minor supplies are charged to expense during the period of purchase. The balance of \$29,081 is reported on the statement of financial position as of March 31, 2016.

Revenue Recognition

The Organization recognizes grants from governmental agencies as exchange transactions. The grants require the Organization to provide services of approximate equal value to the amounts received under the grants.

The Organization recognizes funds as support from grants when eligible costs are incurred. A receivable is recorded to the extent grants earned exceed cash advances. Conversely, deferred revenue is recorded when grant or contract cash advances exceed support earned.

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.

Revenue earned in fee-for-service type arrangements is recognized when the service is provided. Amounts earned under fee-for-service contracts are considered unrestricted funds available for the Organization's use.

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. These contributions are used for grant matching purposes only and are detailed in Note 4.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Organization 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). General Fiscal costs are charged to programs based on direct hours of total agency staff.

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

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

Copy Costs - Copier lease expenses and copier supplies are charged directly to the programs based on actual copier readings. Codes are used to track copier usage. Periodic readings of the copier are taken. 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.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Supplies - Programs purchase supplies as needed. Common office supplies are shared by all programs and are allocated on square footage percentages. 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. 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. 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. G & A, Fiscal, and Human Resource costs are charged back to programs based on direct hours of total agency staff. No rent is charged for Agency-owned space.

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

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

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated between program services and supporting services as disclosed in cost allocations.

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

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

The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition or results of operations. Accordingly, the Organization has not recorded any reserves, or related accruals, for interest and penalties for uncertain income tax positions at March 31, 2016.

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 2013.

NOTE 2 – FINANCIAL STATEMENT PRESENTATION

The Organization's financial statement presentation follows the requirements of the Financial Accounting Standards Board Accounting Standards Codification 958, *Not-for-Profit Entities*. Accordingly, information regarding financial position and activities is reported according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

In accordance with the Accounting Standards Codification (958-605), the Organization reports contributions of cash and other assets as restricted support, if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions. Restrictions met in the year the funds are received are classified as unrestricted.

As of March 31, 2016, the Organization had no temporarily or permanently restricted net assets.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 3 - RELATED-PARTY

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

The 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, 2016, which would permit the Organization to have access to net asset values of the PIP Trust. Therefore, as of March 31, 2016, 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 2016. There were no additional transactions between the PIP Trust and the Organization for the fiscal year ended March 31, 2016.

NOTE 4 - 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 activities for these services because the criteria for recognition have not been satisfied. The total amount of in-kind services used for matching purposes was \$887,763.

In-kind wages are valued at the state minimum wage rates per hour donated on the respective program. For fiscal year 2016, the rates used were \$8.10 (2015) and \$8.10 (2016) 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, 2016, and has been allocated to federal programs as follows:

<u>In-kind Wages and Fringe Benefits</u>	
Senior Service America, Inc. - Senior Aides Title V Program	\$ 22,866
U. S. Department of Health and Human Services - Head Start	<u>864,897</u>
Total wages and fringe benefits	<u>887,763</u>
Total in-kind match	<u>\$ 887,763</u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 5 - 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 \$226,298 for program funds receivable and \$232,283 for deferred revenue as of March 31, 2016, are made up of the following:

PROGRAM FUNDS RECEIVABLE:

Federal Programs

USDA – Rural Development – Housing Prevention Grant	\$ 153
HUD – Housing Choice Voucher Payment	33,603
HUD – Family Self Sufficiency	3,440
HHS – Head Start	53,618
HHS – ACA Navigator	9,083
HHS – Morgan County DJFS Kinship Navigator	3,698
Department of Veteran's Affairs – SSVF	28,151
DOL – O.V.E.R. – WIA Disabled	6,950
ODH – WIC	16,936
SSAI – Title V	8,787
Morgan County Schools Prevention	2,220
DOL – O.V.E.R. WIA Youth	3,151
DOL – O.V.E.R Adult	7,696
DOE - COAD	15,261
Department of Agriculture – USDA	17,096
DOL – O.V.E.R – NEG Oil	110
Total program funds receivable – federal programs	<u>209,953</u>

State, Local, and Other Programs

COAD – Morgan Furnace Repair/Replacement Program	1,858
Ohio Association of Food Banks	5,850
Ohio Development Services Agency – Housing Assistance	114
Local Partners – WASCO and Colleges (One Stop)	8,523
Total program funds receivable – state, local, and other programs	<u>16,345</u>

Total program funds receivable	<u><u>\$ 226,298</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, 2016**

**NOTE 5 - PROGRAM FUNDS RECEIVABLE AND DEFERRED REVENUE BALANCES BY
PROGRAM (CONTINUED)**

DEFERRED REVENUE:

Federal Programs

HUD Admin	\$ 85,258
Ohio Development Services Agency – Administrative HEAP	18,414
Ohio Development Services Agency – CSBG	22,819
Morgan County DJFS- Ombudsman	6,888
COAD – HWAP - HHS	<u>23,705</u>
Total deferred revenue – federal programs	<u>157,084</u>

State and Local Programs

Washington County Senior Levy	56,059
ODSA - HCRP	956
Housing Prevention recapture funds	11,670
Ohio Association Food Bank – Benefit Bank	143
Washington County Juvenile Court	1,637
Washington County – Broadband	124
Osteopathic Heritage Foundation – Healthy Meals	<u>4,610</u>
Total deferred revenue – state and local programs	<u>75,199</u>

Total deferred revenue	<u><u>\$ 232,283</u></u>
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NOTE 6 - 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, 2016:

Total second mortgages in the name of the Ohio Department of Mental Health as detailed on the following pages.	\$ 313,495
Total second mortgages in the name of the Ohio Development Services Agency as detailed on the following pages.	383,815
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>90,480</u>
Total long-term debt	787,790
Less current maturities	<u>64,507</u>
Long-term debt, net of current portion	<u><u>\$ 723,283</u></u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Maturities of long-term debt are as follows:

Payable during the fiscal year ending March 31:

	<u>Soft Mortgages</u>
2017	\$ 64,507
2018	64,507
2019	50,493
2020	47,595
2021	47,591
Thereafter	<u>513,097</u>
Total	<u>\$ 787,790</u>

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

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

Gates Avenue	\$ 32,537
Elm and Maple Streets	27,439
Fifth Street Property	29,711
East Bell	27,744
Wayne Street	15,877
Main Street	20,111
Scammel Street	41,276
Cisler Street	<u>118,800</u>
Total Ohio Department of Mental Health mortgages	<u>\$ 313,495</u>

Certain properties were also acquired with grant funds from the Ohio Development Services Agency. Second mortgages were placed on properties by the Department. These funds are forgiven over a 30-year life provided the facilities are used for their agreed-upon purpose. Accordingly, the Organization has included these liabilities in the statement of financial position. 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, 2016**

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

Sharon Street Property	\$ 21,726
Wedgewood Drive Property	19,922
4 Units of the 8 Unit Complex	157,023
Spring Street	21,332
Main Street	24,412
Sixteenth Street	22,657
Poplar Street	20,175
Florence	32,443
Cisler Street	<u>64,125</u>

Total Ohio Development Services Agency mortgages	<u>\$ 383,815</u>
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Additionally, several other properties were acquired with grant funds from the Washington and Morgan County Boards of Mental Retardation and Developmental Disabilities (the Boards), and the Ohio Housing Finance Corp. Second mortgages were placed on the properties by the Boards. These mortgages are forgiven over a period of 15 years provided the facilities are used for their agreed-upon purpose. Accordingly, the 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 mortgage payable balance reflects the unamortized second mortgage balances on the following properties:

Summit Street Property	\$ 53,460
Phillips Street	6,390
Hadley Lane	12,852
Poplar Street	5,340
Sixteenth Street	3,877
Main Street	3,988
Florence Street	<u>4,573</u>

Total Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities mortgages	<u>\$ 90,480</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, 2016**

NOTE 7 - FIXED ASSETS

As described in Note 1 to the financial statements, the Organization owns several buildings, vehicles, and equipment which are recorded on the statement of financial position as of March 31, 2016.

Land	\$ 20,226
Buildings and improvements	<u>3,714,771</u>
Total land, buildings, and improvements	3,734,997
Vehicles	706,686
Equipment	<u>103,161</u>
Total fixed assets	4,544,844
Less accumulated depreciation	<u>2,301,846</u>
Net fixed assets	<u><u>\$ 2,242,998</u></u>

NOTE 8 - 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 1 to 20 percent of their total income on a pre-tax basis, not to exceed \$18,000 for calendar year 2015 and \$18,000 for calendar year 2016, except for employees eligible under the "catch-up" provisions. The catch-up provisions allow eligible employees age 50 and over to make additional contributions up to \$24,000 for 2015 and 2016. The Organization has elected to contribute 4 percent of each eligible employee's salary to the Plan and each employee is eligible to earn up to 2 percent additional match by contributing up to 2 percent of his/her own pay. The amount of pension expense incurred during the fiscal year ended March 31, 2016, for this Plan was \$154,006.

NOTE 9 - CAPITAL EQUIPMENT LEASE

The Community Action Program Corporation is party to 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, 2016, is \$6,206, including principal and interest. Accumulated depreciation recognized for this leased equipment totaled \$6,770 for the fiscal year ended 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, 2016**

NOTE 10 - CONCENTRATIONS

The Community Action Program Corporation receives approximately 71 percent of its support and revenue through federal government grants. Approximately 70 percent of those federal funds are through the three programs noted below. Their percent of funding to total federal funding is as follows:

<u>Program</u>	<u>Percent</u>
Head Start 93.600	29
Housing Choice Voucher Program 14.871	25
Low Income Energy Assistance Program (LIHEAP) 93.568	16

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 Organization. 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, 2021.

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 - ACCRUED VACATION AND RELATED BENEFITS

The accrued vacation, leave, and employee benefits amount in the statement of financial position is primarily comprised of accrued vacation and personal leave balances totaling \$320,058 as of March 31, 2016. In addition, the Organization also funds a health care benefit for all employees based on the level of the employee's accrued vacation balance at fiscal year end. Employees earn one month of health insurance benefit for every 173 hours of vacation, rounded to the next whole month. This benefit allows for health insurance coverage during the time period employees are paid their accrued vacation up through their final termination or retirement date. The appropriate programs were charged for the health care benefit based upon the employee's current cost allocation to program or administrative functions. Adjustments to the accrued health insurance benefit are made as vacation accruals adjust or termination/retirement occurs. Any credits due to changes in coverage, earned health insurance periods, or surrender of benefits due to lump sum payments of accrued vacation or death of an employee, are credited to the program where the initial expense was incurred. The balance in the accrued health benefits account as of March 31, 2016, is \$72,147. 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 financial position totaled \$68,604 as of March 31, 2016. The accrued vacation and related benefits were fully funded as of March 31, 2016, in the form of certificates of deposit and cash deposits in the vacation fund.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 13 - 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. Funds remaining in the MERP at March 31, 2016, totaled \$160,221 and are included as a reserve liability account on the statement of financial position to be used to cover future claims.

On an annual basis at the end of each plan year (August 31), management performs an analysis of the funds available to meet future claims incurred during the plan year, but not yet submitted for payment. If the liability is determined to be in excess of expected claims, the remainder is used to reduce insurance premiums. During fiscal year 2016, approximately \$122,000 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, 2016. At that time, the liability reserve amount will be analyzed for future claims as previously discussed.

NOTE 14 - ACCOUNTING CHANGE

Effective April 1, 2015, the Community Action Program Corporation of Washington-Morgan Counties, Ohio changed its method of accounting to the accrual basis from the modified cash basis in order to comply with U. S. GAAP. A cumulative adjustment was made at the beginning of the year to include the cost of assets and liabilities that were not previously reported under the prior accounting method. The effect of the change on the prior year change in net assets cannot be determined. The effect on previously reported balances follows:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
Prepaid assets	\$ -	\$ 28,920	\$ 28,920
Grant, contracts, and other accounts receivable	117,019	493,613	610,632
Fixed assets	2,322,427	-	2,322,427
Cash and other assets	<u>2,279,177</u>	<u>-</u>	<u>2,279,177</u>
Total assets	<u>4,718,623</u>	<u>522,533</u>	<u>5,241,156</u>
Accounts payable and accrued expenses	(341,335)	(384,913)	(726,248)
Funds due to grantor	-	(219,915)	(219,915)
Accrued vacation	(461,564)	-	(461,564)
Deferred revenue and unearned fees	(401,333)	219,340	(181,993)
Security, escrow, and funds in trust	(154,917)	-	(154,917)
Capital lease and mortgage payables	<u>(1,052,206)</u>	<u>-</u>	<u>(1,052,206)</u>
Total liabilities	<u>(2,411,355)</u>	<u>(385,488)</u>	<u>(2,796,843)</u>
Unrestricted net assets	<u>\$ 2,307,268</u>	<u>\$ 137,045</u>	<u>\$ 2,444,313</u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to March 31, 2016, through November 22, 2016, 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 November 22, 2016.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2016**

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Program Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>DIRECT RECIPIENT:</u>				
Head Start	93.600	05CH8371/02		<u>\$ 2,006,477</u>
<u>PASS THROUGH:</u>				
<u>THE OHIO ASSOCIATION OF SECOND HARVEST FOOD BANKS</u>				
Cooperative Agreement to Support Navigators in Federally- facilitated and State Partnership Marketplaces	93.332	1 NAVCA140134- 01-00 14-15		24,942
Cooperative Agreement to Support Navigators in Federally- facilitated and State Partnership Marketplaces	93.332	1NAVCA150238- 01-00 15-16		37,070
Subtotal - Navigators Support 93.332				<u>62,012</u>
<u>PASS-THROUGH:</u>				
<u>MORGAN COUNTY DEPARTMENT OF JOB & FAMILY SERVICES</u>				
Temporary Assistance for Needy Families:				
Kinship Navigator	93.558	2014		14,576
Kinship Navigator	93.558	2015		10,432
<u>PASS-THROUGH:</u>				
<u>OHIO ASSOCIATION OF COMMUNITY ACTION AGENCIES</u>				
Needy Family Assistance	93.558	N/A		1,000
Subtotal - Temporary Assistance for Needy Families 93.558				<u>26,008</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEVELOPMENT SERVICES AGENCY</u>				
Low-Income Home Energy Assistance:				
Administrative - Operations	93.568	15-HA-147		91,579
Crisis Cooling Program	93.568	15-HC-247		36,160
Emergency	93.568	16-HE-247		563,318
Administrative - Operations	93.568	16-HA-147		162,012
<u>PASS-THROUGH:</u>				
<u>CORPORATION FOR OHIO APPALACHIAN DEVELOPMENT (COAD)</u>				
Low-Income Home Energy Assistance	93.568	14-133 P		97,524
Low-Income Home Energy Assistance	93.568	15-133 P		172,170
Subtotal - Low-Income Home Energy Assistance 93.568				<u>1,122,763</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEVELOPMENT SERVICES AGENCY</u>				
Community Services Block Grant	93.569	1415-41		194,348
Community Services Block Grant	93.569	1614-41		38,414
Subtotal - Community Services Block Grant 93.569				<u>232,762</u>
SUBTOTAL - U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ -</u>	<u>3,450,022</u>

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016**

<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 ENERGY				
<u>PASS-THROUGH:</u>				
<u>CORPORATION FOR OHIO APPALACHIAN DEVELOPMENT (COAD)</u>				
Weatherization Assistance for Low-Income Persons	81.042	14-133 P		1,957
Weatherization Assistance for Low-Income Persons	81.042	15-133 P		88,023
Subtotal - Weatherization Assistance for Low-Income Persons 81.042				89,980
SUBTOTAL - U. S. DEPARTMENT OF ENERGY			-	89,980
U. S. DEPARTMENT OF VETERANS AFFAIRS				
<u>DIRECT RECIPIENT:</u>				
Supportive Services for Veteran Families Program	64.033	14-OH-265	129,527	473,045
SUBTOTAL - U. S. DEPARTMENT OF VETERANS AFFAIRS			129,527	473,045
U. S. DEPARTMENT OF LABOR				
<u>PASS-THROUGH:</u>				
<u>SENIOR SERVICE AMERICA, INC.</u>				
Senior Community Service Employment Program:				
Employment Program-Title V	17.235	PY 14-15		55,995
Senior Aide Program	17.235	PY 15-16		136,383
Subtotal - Senior Community Service Employment Program 17.235				192,378
<u>PASS THROUGH:</u>				
<u>O.V.E.R.</u>				
WIA Cluster:				
WIA/WIOA - Adult Program	17.258	2014-2015		18,775
WIA/WIOA - Adult Program	17.258	2015-2016		45,096
WIA/WIOA - Youth Activities	17.259	2014-2015		32,442
WIA/WIOA - Youth Activities	17.259	2015-2016		93,436
WIA/WIOA - Dislocated Worker Formula Grants	17.278	2014-2015		51,289
WIA/WIOA - Dislocated Worker Formula Grants	17.278	2015-2016		186,230
Subtotal - WIA Cluster 17.258-17.260 and 17.278				427,268
<u>PASS THROUGH:</u>				
<u>O.V.E.R.</u>				
WIA National Emergency Grants - Ohio Disaster	17.277	Sectors NEG28		7,014
SUBTOTAL - U. S. DEPARTMENT OF LABOR			-	626,660

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016**

<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 HOUSING AND URBAN DEVELOPMENT				
<u>PASS THROUGH:</u>				
<u>MORGAN COUNTY SCHOOLS</u>				
Emergency Shelter Grants Program	14.231	2014-2015		5,692
Emergency Shelter Grants Program	14.231	2015-2016		13,351
Subtotal - Emergency Solutions Grants Program 14.231				<u>19,043</u>
<u>PASS-THROUGH:</u>				
<u>CITY OF MARIETTA</u>				
HUD Shelter Plus Care	14.238	OH0428L5E071202		6,067
HUD Shelter Plus Care	14.238	OH0428L5E071403		18,657
Subtotal - Shelter Plus Care 14.238				<u>24,724</u>
<u>PASS-THROUGH:</u>				
<u>CITY OF MARIETTA</u>				
HUD Section 8 Family Self Sufficiency	14.871	OH077FSH511A014		33,155
HUD Section 8 Family Self Sufficiency	14.871	OH077FSH436A015		10,071
HUD Section 8 Housing Choice Vouchers	14.871	OH16-V077		1,717,987
Subtotal - Section 8 Housing Choice Vouchers 14.871				<u>1,761,213</u>
SUBTOTAL - U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>-</u>	<u>1,804,980</u>
U. S. DEPARTMENT OF AGRICULTURE				
<u>DIRECT RECIPIENT:</u>				
Rural Housing Preservation Grant	10.433	HPG 15-17		<u>153</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEPARTMENT OF HEALTH</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	8460011WA0815		175,526
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	8460011WA0916		165,143
Subtotal - Women, Infants, and Children (WIC) 10.557				<u>340,669</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEPARTMENT OF EDUCATION</u>				
Child and Adult Care Food Program	10.558	n/a		<u>82,955</u>
SUBTOTAL - U. S. DEPARTMENT OF AGRICULTURE			<u>-</u>	<u>423,777</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 129,527</u>	<u>\$ 6,868,464</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, 2016**

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 under programs of the federal government for the year ended March 31, 2016. 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

The Organization passed through approximately \$129,527 in federal funds to subrecipients under CFDA #64.033.

NOTE D - NON-CASH ASSISTANCE

Approximately \$887,763 in non-cash assistance was expended as part of federal programs, which are included on the SEFA. Details by program are included in Note 4 to the financial statements. The \$887,763 does not include non-cash assistance for federal fee-for-service programs and contracts.

NOTE E - INDIRECT COST RATE

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016**

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 Health and Human Services
93.568	Low-Income Home Energy Assistance
	U. S. Department of Health and Human Services
93.600	Head Start (Direct Funding)

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

The Community Action Program Corporation of Washington-Morgan Counties Ohio did not qualify as a low-risk auditee for the year ended March 31, 2016. (This is the Organization's first year to present financial statements in accordance with U. S. generally accepted accounting principles.)

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, 2016.



**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 "Organization") (a nonprofit organization), which comprise the statement of financial position as of March 31, 2016, 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 November 22, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Wheeling, West Virginia
November 22, 2016



ZENO, POCKL, LILLY AND COPELAND, A.C.
Certified Public Accountants & Advisors

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

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

Report on Compliance for Each Major Federal Program

We have audited The Community Action Program Corporation of Washington-Morgan Counties, Ohio's (the "Organization") 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, 2016. 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 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 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 Organization'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, 2016.

Report on Internal Control over Compliance

Management of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's 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 Organization'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Zeno Pockl, Kelly Copeland, AC.

Wheeling, West Virginia
November 22, 2016

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATUS OF PRIOR YEAR AUDIT FINDINGS/COMMENTS
MARCH 31, 2016**

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