

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

AUDIT REPORT

MARCH 31, 2018

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
MARCH 31, 2018**

	<u>Page Number</u>
Independent Auditor's Report	3 - 4
Financial Statements:	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7 - 8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 22
Schedule of Expenditures of Federal Awards	23 - 25
Notes to Schedule of Expenditures of Federal Awards	26
Schedule of Findings and Questioned Costs	27 - 28
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>	29 - 30
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	31 - 32
Status of Prior Year Findings/Comments	33



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Community Action Program Corporation
of Washington-Morgan Counties, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of The Community Action Program Corporation of Washington-Morgan Counties, Ohio (a nonprofit organization), which comprise the statement of financial position as of March 31, 2018, 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, 2018, 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.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2018, on our consideration of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over financial reporting and compliance.



Wheeling, West Virginia
October 16, 2018

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2018**

ASSETS

Cash	\$ 1,657,587
Savings and certificates of deposit	478,526
Grants and contracts receivable	310,380
Other receivables	149,954
Inventory	41,347
Prepaid expense	58,464
Fixed assets, net of accumulated depreciation of \$2,520,631	<u>2,040,432</u>
TOTAL ASSETS	<u><u>\$4,736,690</u></u>

LIABILITIES

Accounts payable	\$ 188,052
Funds due to grantor	30,589
Accrued payroll, benefits, and taxes	168,917
Accrued Health Benefits Reserve (MERP)	118,520
Accrued vacation and related benefits	395,549
Deferred revenue	317,741
Unearned program and management fees	4,343
Security/escrow deposits and funds held in trust	135,561
Mortgages payable - soft mortgages	<u>658,407</u>
Total liabilities	<u>2,017,679</u>

NET ASSETS

Net assets - unrestricted	2,664,510
Net assets - temporarily restricted	<u>54,501</u>
Total net assets	<u>2,719,011</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$4,736,690</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 ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES			
Federal grants and contracts	\$ 7,558,229	\$ -	\$ 7,558,229
State, local, and other grants and contracts	837,756	-	837,756
Fee-for-service and vendor contracts	1,046,204	-	1,046,204
Contributions	169,522	40,516	210,038
Program income and fees	236,152	-	236,152
Miscellaneous income	109,329	-	109,329
Interest income	1,882	-	1,882
Less net assets released from restriction	43,189	(43,189)	-
Total support and revenues	<u>10,002,263</u>	<u>(2,673)</u>	<u>9,999,590</u>
EXPENSES			
Program and corporate services	9,821,698	-	9,821,698
Management and general	219,580	-	219,580
Total expenses	<u>10,041,278</u>	<u>-</u>	<u>10,041,278</u>
Change in net assets	(39,015)	(2,673)	(41,688)
NET ASSETS, BEGINNING OF YEAR	<u>2,703,525</u>	<u>57,174</u>	<u>2,760,699</u>
NET ASSETS, END OF YEAR	<u><u>\$ 2,664,510</u></u>	<u><u>\$ 54,501</u></u>	<u><u>\$ 2,719,011</u></u>

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

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2018**

	Senior and Community Services	Housing and Transportation	Employment and Training	Children's Programs	Health Programs
EXPENDITURES					
Wages - employees	\$ 1,016,063	\$ 436,852	\$ 82,974	\$ 1,298,177	\$ 180,313
Fringe benefits	443,849	193,514	39,295	567,393	90,711
Travel and transportation	74,593	13,505	14,550	47,180	2,773
Contractual	59,588	15,354	3,746	98,074	1,837
Communications	24,675	5,143	2,620	23,732	6,142
Occupancy, facility costs, and rents	338,560	11,918	-	129,115	33,981
Housing assistance payments	1,904,109	-	5,291	1,301	-
Insurances	34,287	51,241	2,903	46,035	13,714
Supplies	108,473	12,899	3,027	140,195	9,776
Equipment maintenance	47,122	24,482	2,108	58,356	4,715
Materials	(4,626)	97,818	-	-	-
Vehicle operations	21,760	66,690	-	2,824	-
Housing rehabilitation	-	50,509	-	-	-
Participant costs	14,707	-	205,769	-	-
Emergency assistance	614,260	-	-	-	-
Food costs	310,520	-	-	67,151	-
Other costs	28,502	6,047	1,232	12,350	-
Depreciation	-	-	-	-	-
Total expenditures	\$ 5,036,442	\$ 985,972	\$ 363,515	\$ 2,491,883	\$ 343,962

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, 2018

	Corporate Services	Total Program and Corporate Services	Management and General	Total Expenses
EXPENDITURES				
Wages - employees	\$ 164,384	\$ 3,178,763	\$ 30,140	\$ 3,208,903
Fringe benefits	72,001	1,406,763	12,005	1,418,768
Travel and transportation	2,704	155,305	8,033	163,338
Contractual	4,239	182,838	7,715	190,553
Communications	1,813	64,125	638	64,763
Occupancy, facility costs, and rents	151,736	665,310	4,597	669,907
Housing assistance payments	7,512	1,918,213	-	1,918,213
Insurances	66,765	214,945	(976)	213,969
Supplies	2,275	276,645	3,449	280,094
Equipment maintenance	3,843	140,626	16,372	156,998
Materials	49,414	142,606	(2,187)	140,419
Vehicle operations	25,615	116,889	307	117,196
Housing rehabilitation	866	51,375	-	51,375
Participant costs	-	220,476	-	220,476
Emergency assistance	-	614,260	460	614,720
Food costs	-	377,671	-	377,671
Other costs	46,757	94,888	17,275	112,163
Depreciation	-	-	121,752	121,752
Total expenditures	<u>\$ 599,924</u>	<u>\$ 9,821,698</u>	<u>\$ 219,580</u>	<u>\$ 10,041,278</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, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (41,688)
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:	
Depreciation	121,752
Amortization of soft mortgages	(64,511)
Interest capitalized on certificates of deposit	(323)
Gain on sale of fixed assets	(200)
Changes in assets and liabilities:	
Prepaid expense	(16,926)
Grants and accounts receivable	208,323
Inventory	(1,704)
Accounts payable	(65,689)
Accrued payroll, benefits, and taxes	3,214
Accrued vacation	(13,179)
Accrued Health Benefits Reserve (MERP)	(4,187)
Unearned program and management fees	(18,531)
Security/escrow deposits and other funds held in trust	(21,531)
Funds due to grantor	(12,137)
Deferred revenue	(46,137)
Net cash provided by operating activities	<u>26,546</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Redemption of certificates of deposit/savings	18,531
Proceeds from disposal of fixed assets	200
Purchase of fixed assets	(30,577)
Net cash used in investing activities	<u>(11,846)</u>
Increase in cash	14,700
CASH, BEGINNING OF YEAR	<u>1,642,887</u>
CASH, END OF YEAR	<u><u>\$ 1,657,587</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, 2018**

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 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.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 no interest in fiscal year 2018.

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 \$69,545 in HUD Escrow funds and \$66,016 in Representative Payee funds. These balances represent amounts held on a client's behalf.

Inventory

Weatherization inventory is purchased with corporate funds and programs are charged on an actual usage basis. The corporate funds are reimbursed for these amounts and expenses are recorded in the programs based on the materials used. The remaining inventory of approximately \$20,629, valued at cost, is reported on the Organization's statement of financial position as of the fiscal year end. Food inventory related to nutrition programs is also recorded at cost and expensed to the applicable program when used. The balance of food inventory on hand at March 31, 2018, was approximately \$20,718. All other minor supplies are charged to expense during the period of purchase. Total inventory balances of \$41,347 are reported on the statement of financial position as of March 31, 2018.

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.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 value and recognized as revenue in the accounting period when they are received. In-kind contributions are not included in the statement of activities as of March 31, 2018, as the criteria for recognition under U. S. generally accepted accounting principles has not been met. These contributions are used for grant matching purposes only and are detailed in Note 4.

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 established the following cost allocation methods:

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 total hours of direct agency staff. 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. 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, 2018**

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 direct hours of total agency staff. 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. 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 - Rent for specific programs is charged to those programs. Occupancy charges such as utilities for the corporate office are allocated by square footage. Occupancy is charged directly to the program using the facility. G & A, Fiscal, and Human Resource costs are charged back to programs based on 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 Resources 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, 2018**

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, 2018.

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 2015.

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.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2018**

NOTE 2 - FINANCIAL STATEMENT PRESENTATION (CONTINUED)

As of March 31, 2018, the Organization had \$54,501 in temporarily restricted net assets and no permanently restricted net assets. Temporarily restricted net assets relate to contributions received for the Organization's Secret Santa project, as well as various other contributions restricted for specific purposes. Funds received and used for their intended purpose during the fiscal year may also be recorded as unrestricted donations.

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, 2018, which would permit the Organization to have access to net asset values of the PIP Trust. Therefore, as of March 31, 2018, 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 2018. There were no additional transactions between the PIP Trust and the Organization for the fiscal year ended March 31, 2018.

**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 under U. S. generally accepted accounting principles was not met. The Organization reported \$677,402 of required local share in-kind funds for grant reporting purposes on grant number 05CH8371/03 final report.

In-kind wages are valued at the state minimum wage rates per hour donated on the respective program. For fiscal year 2018, the rates used were \$8.15 (2017) and \$8.30 (2018) 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.

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2018**

NOTE 4 - IN-KIND WAGES, RENT, USE ALLOWANCE, EQUIPMENT, AND LOCAL CASH MATCHES (CONTINUED)

In-kind was obtained for the year ended March 31, 2018, and has been allocated to federal programs as follows:

In-kind Wages and Fringe Benefits

U. S. Department of Health and Human Services - Head Start	\$ 748,094*
Total wages and fringe benefits	<u>748,094</u>
 Total in-kind	 <u>\$ 748,094</u>

*Amount was in excess of required local share amount of \$677,402 reported for grant purposes.

NOTE 5 - GRANTS AND CONTRACTS 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 \$310,380 for program funds receivable and \$317,741 for deferred revenue as of March 31, 2018, are made up of the following:

PROGRAM FUNDS RECEIVABLE:

Federal Programs

USDA – Rural Development – Housing Prevention Grant	\$ 355
HUD – Family Self Sufficiency	1,274
HUD – Shelter Plus Care	4,166
HHS – Head Start	112,901
Buckeye Hills Regional Development District – Senior Programs	16,172
Morgan County DJFS – Title XX	8,701
HHS – Morgan County DJFS Kinship Navigator	2,915
Department of Veteran's Affairs – SSVF	8,871
DOL – O.V.E.R. – WIOA Dislocated	26,688
DOL – O.V.E.R. – WIOA Adult	78
ODH – WIC	46,252
Morgan County Schools Prevention	3,200
Department of Agriculture – USDA	8,774
DOL – O.V.E.R – NEG Oil	4,205
ODSA – Community Services Block Grant	57,206
COAD – HWAP DOE	<u>350</u>
Total program funds receivable – federal programs	<u>302,108</u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2018**

**NOTE 5 – GRANTS AND CONTRACTS RECEIVABLE AND DEFERRED REVENUE
BALANCES BY PROGRAM (CONTINUED)**

State, Local, and Other Programs

Ohio Development Services Agency - HCRP	8,253
ODSA - Housing Assistance Grant	19
Total program funds receivable - state, local, and other programs	<u>8,272</u>
Total program funds receivable	<u>\$ 310,380</u>

DEFERRED REVENUE:

Federal Programs

HUD Housing Choice	\$ 81,262
Ohio Development Services Agency/COAD - HWAP HHS	780
Ohio Development Services Agency/HHS - HEAP	23,978
Ohio Development Services Agency/COAD - HWAP DOE	8,899
Ohio Development Services Agency /COAD - Furnace Repair Program	1,128
Morgan County DJFS - Ombudsman	5,700
ODSA - Community Services Block Grant	9,568
ODSA - Community Services Block Grant (advance)	7,003
Total deferred revenue - federal programs	<u>138,318</u>

State and Local Programs

Washington County Senior Levy	175,353
McDonough Foundation	570
Sisters of St. Joseph - Summer Feeding	3,500
Total deferred revenue - state and local programs	<u>179,423</u>
Total deferred revenue	<u>\$ 317,741</u>

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, 2018:

Total second mortgages in the name of the Ohio Department of Mental Health as detailed on the following pages	\$ 282,832
Total second mortgages in the name of the Ohio Development Services Agency as detailed on the following pages	333,793
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>41,782</u>
Total long-term debt	658,407
Less current maturities	<u>50,500</u>
Long-term debt, net of current portion	<u>\$ 607,907</u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2018**

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>
2019	\$ 50,500
2020	47,591
2021	47,591
2022	47,591
2023	47,591
Thereafter	<u>417,543</u>
 Total	 <u>\$ 658,407</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	\$ 28,492
Elm and Maple Streets	23,941
Fifth Street Property	25,898
East Bell	24,970
Wayne Street	14,289
Main Street	18,100
Scammel Street	37,148
Cisler Street	<u>109,994</u>
 Total Ohio Department of Mental Health mortgages	 <u>\$ 282,832</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 on 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, 2018**

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

Sharon Street Property	\$ 17,864
Wedgewood Drive Property	16,381
4 Units of the 8-Unit Complex	136,353
Spring Street	18,666
Main Street	21,540
Sixteenth Street	19,991
Poplar Street	17,802
Florence	28,627
Cisler Street	<u>56,569</u>

Total Ohio Development Services Agency mortgages	<u><u>\$ 333,793</u></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 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	\$ 38,880
Hadley Lane	<u>2,902</u>

Total Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities mortgages	<u><u>\$ 41,782</u></u>
--	-------------------------

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2018**

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, 2018.

Land	\$ 20,228
Buildings and improvements	<u>3,715,445</u>
Total land, buildings, and improvements	3,735,673
Vehicles	714,638
Equipment	<u>110,752</u>
Total fixed assets	4,561,063
Less accumulated depreciation	<u>2,520,631</u>
Net fixed assets	<u><u>\$ 2,040,432</u></u>

Depreciation expense charged to operations during fiscal year 2018 totaled \$121,752.

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 a percentage of their total income on a pre-tax basis, not to exceed \$18,000 for calendar year 2017 and \$18,500 for the calendar year 2018, 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 2017, and \$24,500 for 2018. 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, 2018, for this Plan was \$158,467.

NOTE 9 - EQUIPMENT LEASE

The Community Action Program Corporation entered into an operating lease agreement for certain office equipment under a 36-month term effective April 1, 2017, and maturing March 2020.

The following is a schedule of future minimum rental payments required under the above operating leases as of March 31, 2018.

2019	\$ 15,408
2020	<u>15,408</u>
Total	<u><u>\$ 30,816</u></u>

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2018**

NOTE 10 - CONCENTRATIONS

The Community Action Program Corporation receives approximately 76 percent of its support and revenue through federal government grants. Approximately 74 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	32
Housing Choice Voucher Program 14.871	27
Low Income Energy Assistance Program (LIHEAP) 93.568	15

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 was originally in effect through March 31, 2021. Subsequent to fiscal year ended March 31, 2018, the financial institution entered into an arrangement with the Federal Home Loan Bank (FHLB) to guarantee deposits in excess of \$250,000. The Memorandum of Agreement through March 31, 2021, was voided once this arrangement was signed on July 24, 2018.

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 \$358,587 as of March 31, 2018. 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, 2018, is \$118,520. 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 \$36,962 as of March 31, 2018. The accrued vacation and related benefits were fully funded as of March 31, 2018, 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, 2018**

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. Cash funds remaining in the MERP account at March 31, 2018, totaled \$158,493 and are available to cover future claims, as well as fund the accrued vacation and vacation health care benefits discussed in Note 12.

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 2018, approximately \$140,000 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, 2018. At that time, the liability reserve amount will be analyzed for future claims as previously discussed.

NOTE 14 - TEMPORARILY RESTRICTED NET ASSETS

Donations collected for the Secret Santa Program are being recognized as temporarily restricted donations, and any funds not spent in the current year for Secret Santa purposes are included in temporarily restricted net assets at year end. These funds would be available in future periods to cover Secret Santa expenses.

In addition, any other donations with time or purpose restrictions not used for its intended purpose in the year the donation is received is also recorded as a temporarily restricted donation and included in net assets at year end.

Net assets as of March 31, 2018, consist of:

Secret Santa Project	\$ 53,401
Jim Noe Fund	<u>1,100</u>
Total temporarily restricted net assets at March 31, 2018	<u><u>\$ 54,501</u></u>

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to March 31, 2018, through October 16, 2018, 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 16, 2018.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2018**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant or Program Number	Passed through to Subrecipients	Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>DIRECT RECIPIENT:</u>				
Head Start	93.600	05CH8371/04		<u>\$ 2,421,887</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	1NAVCA150238- 01-00 17-18		<u>28,044</u>
<u>PASS-THROUGH:</u>				
<u>MORGAN COUNTY DEPARTMENT OF</u>				
<u>JOB & FAMILY SERVICES</u>				
Temporary Assistance for Needy Families:				
Ombudsman 2011	93.558	N/A		7
Kinship Navigator	93.558	2016-2017		18,232
Kinship Navigator	93.558	2017-2018		12,790
Subtotal - TANF Cluster				<u>31,029</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEVELOPMENT SERVICES AGENCY</u>				
Low-Income Home Energy Assistance:				
Crisis Cooling Program	93.568	17-HC-247		47,075
Administrative - Operations	93.568	17-HA-147		108,577
Emergency	93.568	18-HE-247		541,484
Administrative - Operations	93.568	18-HA-147		182,912
<u>PASS-THROUGH:</u>				
<u>CORPORATION FOR OHIO APPALACHIAN DEVELOPMENT (COAD)</u>				
Low-Income Home Energy Assistance	93.568	16-133 P		80,578
Low-Income Home Energy Assistance	93.568	17-133 P		166,603
Subtotal - Low-Income Home Energy Assistance 93.568				<u>1,127,229</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEVELOPMENT SERVICES AGENCY</u>				
Community Services Block Grant	93.569	1617-41		185,836
Community Services Block Grant	93.569	1819-41		69,203
Subtotal - Community Services Block Grant 93.569				<u>255,039</u>
<u>PASS-THROUGH:</u>				
<u>BUCKEYE HILLS REGIONAL COUNCIL</u>				
Special Programs for the Aging - Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2017		2,803
Special Programs for the Aging - Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2018		770
Subtotal - Special Programs for the Aging 93.044				<u>3,573</u>
Special Programs for the Aging - Title III, Part C, Nutrition Services	93.045	2017		124,552
Special Programs for the Aging - Title III, Part C, Nutrition Services	93.045	2018		41,069
Subtotal - Special Programs for the Aging 93.045				<u>165,621</u>

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2018**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant or Program Number	Passed through to Subrecipients	Federal Expenditures
Nutrition Services Incentive Program (NSIP)	93.053	2017		10,061
Nutrition Services Incentive Program (NSIP)	93.053	2018		8,417
Subtotal - Nutrition Services Incentive Program 93.053				18,478
Subtotal - Aging Cluster				187,672
<u>PASS-THROUGH:</u>				
<u>MORGAN COUNTY DEPARTMENT OF JOB & FAMILY SERVICES</u>				
Social Services Block Grant Meals	93.667	2017		22,269
Social Services Block Grant Meals	93.667	2018		12,949
Subtotal - Social Services Block Grant 93.667				35,218
SUBTOTAL - U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				4,086,118
U. S. DEPARTMENT OF ENERGY				
<u>PASS-THROUGH:</u>				
<u>CORPORATION FOR OHIO APPALACHIAN DEVELOPMENT (COAD)</u>				
State Energy Program	81.041	OERG16-SEP1601		672
Weatherization Assistance for Low-Income Persons	81.042	16-133 P		15,177
Weatherization Assistance for Low-Income Persons	81.042	17-133 P		125,229
Weatherization Assistance for Low-Income Persons	81.042	18-133 P		136
Subtotal - Weatherization Assistance for Low-Income Persons 81.042				140,542
SUBTOTAL - U. S. DEPARTMENT OF ENERGY				141,214
U. S. DEPARTMENT OF VETERANS AFFAIRS				
<u>DIRECT RECIPIENT:</u>				
VA Supportive Services for Veteran Families Program	64.033	14-OH-265	\$ 68,510	428,857
SUBTOTAL - U. S. DEPARTMENT OF VETERANS AFFAIRS			68,510	428,857
U. S. DEPARTMENT OF LABOR				
<u>PASS THROUGH:</u>				
<u>O.V.E.R.</u>				
WIOA Adult Program	17.258	2016-2017		32,112
WIOA Adult Program	17.258	2017-2018		82,749
Subtotal - WIOA Adult Program 17.258				114,861
WIOA Dislocated Worker Formula Grants	17.278	2016-2017		11,664
WIOA Dislocated Worker Formula Grants	17.278	2017-2018		172,558
Subtotal - WIOA Dislocated Worker Formula Grants 17.278				184,222
Subtotal - WIOA Cluster				299,083
<u>PASS THROUGH:</u>				
<u>O.V.E.R.</u>				
WIA National Emergency Grants - Ohio Disaster	17.277	Sectors NEG28		50,186
SUBTOTAL - U. S. DEPARTMENT OF LABOR				349,269

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2018**

<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 EDUCATION				
<u>PASS THROUGH:</u>				
<u>MORGAN COUNTY SCHOOLS</u>				
Education for Homeless Children and Youth	84.196	2016-2017		5,669
Education for Homeless Children and Youth	84.196	2017-2018		18,147
Subtotal - Education for Homeless Children and Youth 84.196				<u>23,816</u>
SUBTOTAL - U. S. DEPARTMENT OF EDUCATION				<u>23,816</u>
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<u>PASS-THROUGH:</u>				
<u>CITY OF MARIETTA</u>				
HUD Shelter Plus Care	14.238	OH0428L5E071504		6,247
HUD Shelter Plus Care	14.238	OH0428L5E071605		27,046
Subtotal - Shelter Plus Care 14.238				<u>33,293</u>
<u>PASS-THROUGH:</u>				
<u>CITY OF MARIETTA</u>				
HUD Administration	14.871	OH077FSH436A016		186,368
HUD Section 8 Family Self Sufficiency	14.871	FSS17OH0004		42,987
HUD Section 8 Housing Choice Vouchers	14.871	OH077 V & AF		1,818,895
Subtotal - Section 8 Housing Choice Vouchers 14.871				<u>2,048,250</u>
Subtotal - Housing Voucher Cluster				<u>2,048,250</u>
SUBTOTAL - U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>2,081,543</u>
U. S. DEPARTMENT OF AGRICULTURE				
<u>DIRECT RECIPIENT:</u>				
Rural Housing Preservation Grants	10.433	HPG 15-17		19,412
Rural Housing Preservation Grants	10.433	HPG 18-20		355
Subtotal - Rural Housing Preservation Grants 10.433				<u>19,767</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEPARTMENT OF HEALTH</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	8460011WA1017		173,138
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	8460011WA1118		170,826
Subtotal - Women, Infants, and Children (WIC) 10.557				<u>343,964</u>
<u>PASS-THROUGH:</u>				
<u>OHIO DEPARTMENT OF EDUCATION</u>				
Child and Adult Care Food Program	10.558	n/a		<u>83,681</u>
SUBTOTAL - U. S. DEPARTMENT OF AGRICULTURE				<u>447,412</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 68,510</u>	<u>\$ 7,558,229</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, 2018**

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, 2018. 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 \$68,510 in federal funds to subrecipients under CFDA #64.033.

NOTE D - NON-CASH ASSISTANCE

Approximately \$748,094 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.

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, 2018**

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

Identification of major programs:

CFDA Number

Name of Federal Program

U. S. Department of Health and Human Services:

93.600

Head Start

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 qualified as a low-risk auditee for the year ended March 31, 2018.

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, 2018.



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

To the Board of Trustees of
The Community Action Program Corporation
of Washington-Morgan Counties, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Community Action Program Corporation of Washington-Morgan Counties, Ohio (a nonprofit organization), which comprise the statement of financial position as of March 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 16, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Zeno Pocke, Kelly & Capeland, PC

Wheeling, West Virginia
October 16, 2018



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

To the Board of Trustees of
The Community Action Program Corporation
of Washington-Morgan Counties, Ohio

Report on Compliance for Each Major Federal Program

We have audited The Community Action Program Corporation of Washington-Morgan Counties, Ohio's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's major federal programs for the year ended March 31, 2018. The Community Action Program Corporation of Washington-Morgan Counties, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, The Community Action Program Corporation of Washington-Morgan Counties, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2018.

Report on Internal Control over Compliance

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

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

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

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



Wheeling, West Virginia
October 16, 2018

**The Community Action Program Corporation
of Washington-Morgan Counties, Ohio
STATUS OF PRIOR YEAR AUDIT FINDINGS/COMMENTS
MARCH 31, 2018**

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