

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

MARIETTA, OHIO

AUDIT REPORT

MARCH 31, 2021

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
MARCH 31, 2021**

	<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 - 26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	27 - 30
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	31
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	32 - 33
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>	34 - 35
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	36 - 37
STATUS OF PRIOR YEAR FINDINGS/COMMENTS	38



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Community Action Program Corporation of Washington-Morgan Counties, Ohio (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, 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, 2021, 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 December 14, 2021, on our consideration of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over financial reporting and compliance.

Zeno Pockhilly Copeland. AZ

Wheeling, West Virginia
December 14, 2021

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021**

ASSETS

Cash and cash equivalents	\$ 2,103,029
Savings and certificates of deposit	493,094
Grants and contracts receivable	980,622
Other receivables	170,154
Inventory	26,833
Prepaid expenses	203,474
Fixed assets, net of accumulated depreciation of \$2,587,082	<u>1,842,610</u>

TOTAL ASSETS	<u><u>\$ 5,819,816</u></u>
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LIABILITIES

Accounts payable	\$ 442,424
Funds due to grantor	28,526
Accrued payroll, benefits, and taxes	335,879
Accrued Health Benefits Reserve (MERP)	47,177
Accrued vacation and related benefits	511,298
Other accrued expenses	7,748
Deferred revenue	682,694
Unearned program and management fees	5,719
Security/escrow deposits and other funds held in trust	197,772
Mortgages payable – soft mortgages	<u>512,732</u>
Total liabilities	<u><u>2,771,969</u></u>

NET ASSETS

Net assets – without donor restriction	2,704,268
Net assets – with donor restriction	<u>343,579</u>
Total net assets	<u><u>3,047,847</u></u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,819,816</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 ACTIVITIES
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUES			
Federal grants and contracts	\$ 10,715,589	\$ -	\$ 10,715,589
State, local, and other grants and contracts	362,385	272,838	635,223
Fee-for-service and vendor contracts	1,015,843	-	1,015,843
Contributions and other public support	438,685	14,691	453,376
Program income, rents, and fees	364,350	-	364,350
Gain on sale of fixed assets	3,846	-	3,846
Loan amortization income	47,592	-	47,592
Miscellaneous income and refunds	508,684	-	508,684
Interest income	3,691	-	3,691
Net assets released from restriction	297,372	(297,372)	-
Total support and revenues	<u>13,758,037</u>	<u>(9,843)</u>	<u>13,748,194</u>
EXPENSES			
Program and corporate services	13,143,353	-	13,143,353
Management and general	268,321	-	268,321
Total expenses	<u>13,411,674</u>	<u>-</u>	<u>13,411,674</u>
Change in net assets	346,363	(9,843)	336,520
NET ASSETS, BEGINNING OF YEAR	<u>2,357,905</u>	<u>353,422</u>	<u>2,711,327</u>
NET ASSETS, END OF YEAR	<u><u>\$ 2,704,268</u></u>	<u><u>\$ 343,579</u></u>	<u><u>\$ 3,047,847</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 FISCAL YEAR ENDED MARCH 31, 2021**

	<u>Senior and Community Services</u>	<u>Housing Weatherization/ Preservation and Transportation Services</u>	<u>Employment and Training</u>	<u>Children's Programs</u>	<u>Health Programs</u>
EXPENDITURES					
Salaries and wages	\$ 1,373,176	\$ 539,914	\$ 348,007	\$ 1,618,203	\$ 194,343
Fringe benefits	519,268	234,834	75,323	677,502	86,780
Travel and transportation	94,330	6,641	8,637	26,567	513
Contractual and other professional fees	38,461	12,378	4,739	70,781	1,529
Communications	23,740	7,056	3,990	22,955	7,841
Occupancy, facility costs, and rents	690,287	10,589	3,887	155,528	24,715
Housing assistance payments	3,012,511	-	-	-	-
Insurances	39,427	65,695	10,484	39,347	20,410
Supplies	200,232	16,029	15,829	238,186	5,555
Equipment and equipment maintenance	66,212	57,235	45,470	43,116	6,823
Materials	-	110,376	-	-	-
Vehicle operations	54,779	47,503	6,145	29,796	-
Housing rehabilitation	-	53,485	-	-	-
Emergency assistance and participant costs	952,817	-	1,399	-	-
Food costs	499,678	-	-	48,622	-
Other costs	28,080	3,470	621	9,754	50
Depreciation	-	-	-	-	-
Total expenditures	<u><u>\$ 7,592,998</u></u>	<u><u>\$ 1,165,205</u></u>	<u><u>\$ 524,531</u></u>	<u><u>\$ 2,980,357</u></u>	<u><u>\$ 348,559</u></u>

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

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

	<u>Corporate Services</u>	<u>Total Program and Corporate Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
EXPENDITURES				
Salaries and wages	\$ 179,482	\$ 4,253,125	\$ 25,507	\$ 4,278,632
Fringe benefits	72,024	1,665,731	14,283	1,680,014
Travel and transportation	1,408	138,096	2,111	140,207
Contractual and other professional fees	2,999	130,887	430	131,317
Communications	2,820	68,402	(10)	68,392
Occupancy, facility costs, and rents	124,079	1,009,085	6,148	1,015,233
Housing assistance payments	17,820	3,030,331	-	3,030,331
Insurances	93,211	268,574	4,502	273,076
Supplies	5,213	481,044	27,941	508,985
Equipment and equipment maintenance	4,486	223,342	313	223,655
Materials	8,648	119,024	3,162	122,186
Vehicle operations	18,041	156,264	19,738	176,002
Housing rehabilitation	-	53,485	-	53,485
Emergency assistance and participant costs	-	954,216	-	954,216
Food costs	-	548,300	-	548,300
Other costs	1,472	43,447	25,364	68,811
Depreciation	-	-	138,832	138,832
 Total expenditures	 <u>\$ 531,703</u>	 <u>\$ 13,143,353</u>	 <u>\$ 268,321</u>	 <u>\$ 13,411,674</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 FISCAL YEAR ENDED MARCH 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 336,520
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	138,832
Amortization of soft mortgages	(47,592)
Interest capitalized on certificates of deposit	(3,519)
Gain on sale of fixed assets	(3,846)
Changes in assets and liabilities:	
Prepaid expenses	(82,167)
Grants, contracts, and other receivables	(448,339)
Inventory	8,735
Accounts payable	295,228
Accrued payroll, benefits, and taxes	4,430
Accrued vacation and related benefits and other accrued expenses	48,082
Accrued Health Benefits Reserve (MERP)	1,651
Unearned program and management fees	(122)
Security/escrow deposits and other funds held in trust	32,257
Funds due to grantor	28,526
Deferred revenue	221,156
Net cash provided by operating activities	<u>529,832</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of fixed assets	16,149
Purchase of fixed assets	<u>(121,959)</u>
Net cash used in investing activities	<u>(105,810)</u>

Increase in cash and cash equivalents	424,022
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,679,007</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,103,029</u></u>
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The accompanying notes are an integral part of the financial statements.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 1 – ORGANIZATION

Nature of Operations

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with U.S. GAAP.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experiences and various other factors and circumstances. Management believes that the estimates and assumptions are reasonable in the circumstances. However, the actual results may differ from those estimates.

Account Classification

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

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and any unrestricted highly liquid investments with an initial maturity of 3 months or less. Certificates of deposit are excluded from cash equivalents, as they have maturity dates beyond 3 months. The Organization paid no income taxes and no interest expenses during the fiscal year ended March 31, 2021.

The Organization maintains cash deposits in certain financial institutions that may, at times, exceed federally insured amounts of up to \$250,000, per account. The Organization is the beneficiary of a letter of credit for \$3,000,000 through the Federal Home Loan Bank of Cincinnati for all of the accounts that are maintained at Peoples Bank, Marietta. The letter of credit is irrevocable, unconditional, and nontransferable. The current letter of credit is through July 22, 2022.

Cash balances on the statement of financial position include \$138,879 in HUD Escrow funds and \$94,269 in Representative Payee funds. Portions of these cash balances represent the amounts that are held on a client's behalf and are not available for the general obligations of the Organization. The amount that is held on behalf of clients totaled \$197,772 as of March 31, 2021, and is also reported in the liability section of the statement of financial position as client funds held in trust. Remaining cash balances of \$35,376 represent the administrative fees that are earned by the Organization, but have not been spent as of March 31, 2021.

Fixed Assets and Space Costs

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

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

The property, plant, and equipment that have been acquired with grant funds are owned by the Organization while they are used in the programs for which they were purchased, or will be used in other future authorized programs. The funding sources, however, have a reversionary interest in the equipment that has been 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 also owns the former Norwood School property, which is used for the Head Start Program.

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

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Inventory

Food and materials inventory is purchased with corporate funds, and programs are charged on an actual usage basis. The corporate funds are reimbursed for these amounts, and the expenses are recorded in the programs based on the materials used. The remaining materials inventory of approximately \$14,843, valued at cost, is reported on the Organization's statement of financial position as of the fiscal year end. Food inventory that is related to nutrition programs is also recorded at cost and is expensed to the applicable program when it is used. The balance of food inventory on hand as of March 31, 2021, was approximately \$11,990. All other minor supplies are charged to expense during the period of purchase. Total inventory balances of \$26,833 are reported on the statement of financial position as of March 31, 2021.

Grants Receivable

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

Accounts Receivable

Accounts receivable balances are comprised of various fee-for-service billings, rents, donations, and other contract arrangement amounts billed and due as of the fiscal year end. Provisions are made for the estimated uncollectible accounts receivable. The Organization's estimate of uncollectible accounts receivable is based on historical collection experience, a review of the current status of accounts receivable, and management judgment. There was no provision for uncollectible accounts receivable as of March 31, 2021, as management believes all amounts are collectible in full.

Prepaid Expenses

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

Revenue Recognition

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

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- a. Program income and fees for services are recognized as revenue at the time that the services are performed or when the revenue cycle is complete. Amounts that are earned under the fee-for-service contracts are considered to be without donor restriction and are available for the Organization's use.
- b. Grants/donations/contributions are recognized as revenue, based upon the type of restriction that is placed by the grantor/donor. All grants and contributions are reported as increases in net assets without donor restriction, unless the use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor for use in future periods, or for specific purposes, are reported as increases in net assets with donor restriction.
- c. Grants that are accounted for as exchange transactions are recorded as revenue at the time that the related grant expenses are incurred or when the services are provided. A receivable is recorded to the extent that the grants that are earned exceed the grant funds that are received.
- d. The Organization records grant/contract advances as deferred revenue until they are expended for the purpose of the grant/contract, at which time they are recognized as revenue. Deferred revenue as of March 31, 2021, represents the amounts that are received under contracts that will be expended in a future period, in accordance with the grant/contract period.
- e. Funds due to grantor are the amounts which are due back to grantors at the fiscal year end for unspent grant funds at the close of the grant period.

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

In-kind contributions are recorded at fair value and are recognized as revenue during the accounting period in which they are received. In-kind contributions are not included in the statement of activities as of March 31, 2021, as the criteria for recognition under U.S. GAAP has not been met. U.S. GAAP allows the recognition of contributed services only if (a) the services create or enhance nonfinancial assets, or (b) the services would be purchased if they are not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. In-kind contributions that are used for grant matching purposes only are detailed in Note 5.

Interest income is recognized during the accounting period in which it is earned. The Organization maintains the funds that are received from various sources in interest-bearing checking accounts (NOW Accounts). The portion of the interest that is 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 Organization.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

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

Cost Allocations

Costs are allocated to the benefitting programs by using various allocation methods, depending on the joint cost allocated. Joint costs are those costs that are incurred for the common benefit of all agency programs, but which cannot be readily identified with a final cost objective. Management costs are accumulated in a Management Pool and are allocated to programs based upon the methodologies noted below. Total costs in the Management Pool for the fiscal year ended 2021 were \$671,825. Prior to distributing these costs to the programs, the Management Pool and other general expenses totaled \$940,146. The total program and corporate services costs before the allocation of the Management Pool costs were \$12,471,528. The statement of functional expenses presents the total program and corporate services and the total management and general costs after the allocation of the Management Pool costs.

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

Salaries and Wages

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

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

Fringe Benefits

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

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Copy Costs

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

Telephone

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

Postage

Charges that are 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 Resources costs are charged to the programs based on the direct hours of total agency staff.

Utilities

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

Supplies

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

Insurance

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

Rent

Rent for the 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 that is using the facility. G & A, Fiscal, and Human Resources costs are charged back to the programs based on the direct hours of total agency staff. No rent is charged for agency-owned space.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Travel

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

Dues and Subscriptions

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

Interest Expense

Interest expense is allocated to unrestricted (corporate) funds for those grants that do not allow interest expense. No interest expense was incurred during the fiscal year ended March 31, 2021.

Income Taxes

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

The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition or the results of operations. Accordingly, the Organization has not recorded any reserves or the related accruals for interest and penalties for uncertain income tax positions as of March 31, 2021.

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 that it is no longer subject to income tax examinations for years prior to fiscal year 2018.

Classification of Net Assets

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

Net Assets without Donor Restriction

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

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets with Donor Restriction

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

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

NOTE 3 – LIQUIDITY

The Organization's financial assets that are available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 2,103,029
Savings and certificates of deposit	493,094
Grants, contracts, and other receivables	1,150,776
Cash balances held on clients' behalf	(197,772)
Revenue received in advance (deferred revenue and funds due to grantor)	(711,220)
Cash reserved to fund accrued vacation and related benefits and the Medical Expense Reimbursement Program	(558,475)
Financial assets restricted for specific donor purposes	<u>(343,579)</u>
Total	<u>\$ 1,935,853</u>

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

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 4 – RELATED-PARTY

The Poor and Indigent Peoples Care Trust (the "PIP Trust") is a nonprofit organization that was established to provide financial assistance to nonprofit 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 to be financially interrelated organizations since 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, 2021, which would permit the Organization to have access to the net asset values of the PIP Trust. Therefore, as of March 31, 2021, 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 during the fiscal year ended March 31, 2021. There were no additional transactions between the PIP Trust and the Organization for the fiscal year ended March 31, 2021.

NOTE 5 – IN-KIND AND LOCAL CASH MATCHES

The Organization receives a significant amount of donated services from unpaid volunteers and parents who assist primarily in the operation of the federal Head Start program. No amounts have been recognized in the statement of activities for these services since the criteria for recognition under U.S. GAAP has not been met. The Organization met the required local share in-kind amount of \$227,110 for grant reporting purposes on the Head Start Grant No. 05CH01085802.

In-kind wages are valued at the state minimum wage rates per hour, donated to the respective program. For the fiscal year ended March 31, 2021, the rates that were used were \$8.70 (calendar year 2020) and \$8.80 (calendar year 2021) per hour, in accordance with the State of Ohio minimum wage rate, plus the fringe benefits that are afforded to the employees.

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

In-kind was obtained for the fiscal year ended March 31, 2021, and has been allocated to federal programs as follows:

In-kind Wages and Fringe Benefits

U.S. Department of Health and Human Services – Head Start	<u>\$ 311,144*</u>
Total in-kind wages and fringe benefits	<u>\$ 311,144</u>

- * The amount was in excess of the required local share amount of \$227,110 reported for grant purposes.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

**NOTE 6 – GRANTS AND CONTRACTS RECEIVABLE AND DEFERRED REVENUE
BALANCES BY PROGRAM**

The current grant and contract funds receivable and deferred revenue balances are from the results of each program's operations that The Organization maintains as a direct recipient or subrecipient. The balances totaling \$980,622 for program funds receivable, and \$682,694 for deferred revenue as of March 31, 2021, are made up of the following:

GRANTS AND CONTRACTS RECEIVABLE:

Federal Programs

City of Marietta – HUD – Shelter Plus Care	\$ 455
HHS – Head Start	165,821
Buckeye Hills Regional Development District – Senior Programs	23,912
Morgan County DJFS – Social Services Block Grant (SSBG)	
Meals & Homemaker	20,637
USDA – Rural Housing Preservation	19,181
City of Marietta – HUD Housing Choice	10,620
City of Marietta – CDBG-CV (CARES)	20,781
Coalition Homeless & Housing in Ohio – TANF Housing Now for Homeless Families	12,073
Morgan County DJFS – Kinship Navigator	3,764
Department of Veteran's Affairs – SSVF	57,955
ODH – WIC	35,574
Morgan County Schools – Education for Homeless Children & Youth	4,074
Ohio Department of Education – CACFP	8,372
ODSA – CAA Home Relief Grant	275,549
ODSA – CDBG – CARES Target of Opportunity	120,529
ODSA – CARES Housing Stability	26,434
ODSA – CARES Emergency Shelter	3,595
DOL – O.V.E.R. – Morgan Flood	253
DOL – O.V.E.R. – Washington Flood	339
DOL – O.V.E.R. – Noble Flood	210
DOL – O.V.E.R. – Opioid Grant	9
ODSA – Community Services Block Grant	17,579
COAD – HWAP Enhancement	22,730
COAD – HWAP HHS	38,449
ODSA – LIHEAP Administrative	36,433
Total grants and contracts receivable – federal programs	<u>925,328</u>

State, Local, and Other Programs

Buckeye Hills – Passport and Block Grant	16,579
Housing Trust Grant	16,275
ODSA – HCRP	21,966
ODSA – PIPP	474
Total grants and contracts receivable – state, local, and other programs	<u>55,294</u>

Total grants and contracts receivable \$ 980,622

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

**NOTE 6 – GRANTS AND CONTRACTS RECEIVABLE AND DEFERRED REVENUE
BALANCES BY PROGRAM (CONTINUED)**

DEFERRED REVENUE:

Federal Programs

City of Marietta – HUD Housing Choice Vouchers & Administration	\$ 169,793
City of Marietta – HUD – Mainstream Voucher Program	49,755
ODSA – CDBG – CARES Target of Opportunity	42,047
ODSA – CAA Home Relief Grant	155,349
ODSA – Community Services Block Grant	101,400
COAD – HWAP HHS	32,750
ODSA – LIHEAP Administrative	68,464
COAD – HWAP Enhancement	19,566
COAD – HWAP DOE	10,904
Total deferred revenue – federal programs	<u>650,028</u>

State and Local Programs

ODSA – PIPP	6,433
COHHIO Risk Mitigation	3,750
OHFA EHAP	14,451
OHFA CJ	8,032
Total deferred revenue – state and local programs	<u>32,666</u>

Total deferred revenue \$ 682,694

In addition, funds totaling \$28,526 for the Winter Crisis Program were returned to ODSA at the close-out of the 21-HE-247 grant subsequent to fiscal year funds.

NOTE 7 – LONG-TERM DEBT

The Organization records debt obligations on assets that are purchased with grant assistance. The following table details the outstanding commitments based upon grant and loan agreements for the various properties that were purchased and signed by, or prior to, March 31, 2021:

Total second mortgages in the name of the Ohio Department of Mental Health, as detailed on the following pages	\$ 236,848
Total second mortgages in the name of the Ohio Development Services Agency, as detailed on the following pages	258,874
Total second mortgages in the name of Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities, as detailed on the following pages	<u>17,010</u>
Total long-term debt	512,732
Current maturities	<u>(47,591)</u>
Long-term debt, net of current portion	<u>\$ 465,141</u>

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Maturities of long-term debt that are payable during the fiscal years ending March 31, are as follows:

	<u>Soft Mortgages</u>
2022	\$ 47,591
2023	47,591
2024	42,731
2025	40,301
2026	40,301
Thereafter	<u>294,217</u>
Total long-term debt	<u>\$ 512,732</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 ("ODMH"). These mortgages require no repayment, provided that the facilities are used for mental health purposes for 40 years. The Organization has recognized this liability ("soft mortgages") as a mortgage payable on the statement of financial position as of the fiscal year end. The debt is reduced by an amount equal to 1/480 each month.

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

Gates Street	\$ 22,422
Elm and Maple Streets	18,694
Fifth Street Property	20,178
East Bell	20,808
Wayne Street	11,907
Main Street	15,084
Scammel Street	30,956
Cisler Street	<u>96,799</u>
Total ODMH mortgages	<u>\$ 236,848</u>

Certain properties were also acquired with grant funds from the Ohio Development Services Agency. Second mortgages were placed on the properties by ODSA. These mortgages are forgiven over a 30-year life, provided that the facilities are used for their agreed-upon purpose. Accordingly, the Organization has included these liabilities on the statement of financial position as of the fiscal year end. 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 FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 7 – LONG-TERM DEBT (CONTINUED)

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

Sharon Street Property	\$ 12,071
Wedgewood Drive Property	11,068
4 Units of the 8-Unit Complex	105,458
Spring Street	14,665
Main Street	17,232
Sixteenth Street	15,993
Poplar Street	14,241
Florence	22,904
Cisler Street	<u>45,242</u>

Total ODSA mortgages	<u>\$ 258,874</u>
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Additionally, several other properties were acquired with grant funds from the Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities (the "Boards"), and the Ohio Housing Finance Corp. Second mortgages were placed on the properties by the Boards. These mortgages are forgiven over a period of 15 years, provided that the facilities are used for their agreed-upon purpose. Accordingly, the Organization has included these liabilities on the statement of financial position as of the 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 property:

Summit Street Property	<u>\$ 17,010</u>
Total Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities mortgages	<u>\$ 17,010</u>

NOTE 8 – FIXED ASSETS

As described in Note 2 to the financial statements, the Organization owns several buildings, vehicles, and equipment, which are recorded on the statement of financial position as of March 31, 2021.

A Notice of Federal Interest remains in effect for the property located at 320 Main Street, Malta, Ohio. The federal interest is in place since the federal Head Start funds that have been awarded by the U.S. Department of Health and Human Services, the Administration for Children and Families, and the Office of Head Start were used by the Organization to partially fund the renovation of the property. Under these conditions, said property cannot be further mortgaged, encumbered, used as collateral, sold, or otherwise transferred to another party without written permission by a responsible Head Start official. The property may not be used for any purpose inconsistent with that authorized by Head Start.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 8 – FIXED ASSETS (CONTINUED)

Property and equipment consist of the following as of March 31, 2021:

Land	\$ 20,228
Buildings and improvements	<u>3,673,331</u>
Total land, buildings, and improvements	3,693,559
Vehicles	578,171
Equipment	<u>157,962</u>
Total fixed assets	4,429,692
Accumulated depreciation	<u>(2,587,082)</u>
Net fixed assets	<u>\$ 1,842,610</u>

Depreciation expense charged to operations during the fiscal year ended March 31, 2021, totaled \$138,832.

NOTE 9 – PENSION PLAN

The Organization maintains a 401(k) Plan for eligible employees. All employees are eligible to participate in the Plan following the completion of one year of service and attainment of age 18. Employees may contribute a percentage of their total income on a pre-tax basis, not to exceed \$19,500 for calendar years 2020 and 2021, except for the employees that are eligible under the "catch-up" provisions. The catch-up provisions allow eligible employees of age 50 and over to make contributions up to \$26,000 for calendar years 2020 and 2021. The Organization has elected to contribute 4 percent of each eligible employee's salary to the Plan, and each employee is eligible to earn up to a 2 percent additional match by contributing up to 2 percent of his/her own pay. The amount of pension expense incurred during the fiscal year ended March 31, 2021, for this Plan was \$181,673.

NOTE 10 – EQUIPMENT LEASE

On March 19, 2020, the Organization entered into a new operating lease agreement under a 36-month term, effective April 1, 2020, with a maturity date of March 31, 2023. The balance remaining on this lease is \$30,624.

The following is a schedule of future minimum rental and service fee payments that are required under the above operating lease as of March 31, 2021, for the years ending March 31:

2022	\$ 15,312
2023	15,312

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 11 – CONCENTRATIONS

The Organization receives approximately 78 percent of its support and revenue through federal government grants. Approximately 72 percent of total federal funds are through the four programs noted below. Their percentage of funding to total federal funding is as follows:

<u>Program</u>	<u>Percent</u>
Head Start – 93.600	28
Supportive Services for Veteran Families – 64.033	12
Section 8 Housing Choice Voucher Program – 14.871	20
Low-Income Energy Assistance Program (“LIHEAP”) – 93.568	12

NOTE 12 – 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 that disallowances, if any, will be immaterial.

NOTE 13 – ACCRUED VACATION AND RELATED BENEFITS

The accrued vacation and employee benefits amount in the statement of financial position totaling \$511,298 is primarily comprised of accrued vacation balances totaling \$464,817, as well as related benefits and accruals related to accrued vacation wages totaling \$46,481.

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 the fiscal year end. The employees earn one month of health insurance benefits for every 173 hours of vacation, rounded to the next whole month. This benefit allows for health insurance coverage during the time period that employees are paid their accrued vacation, up through their final termination or retirement date. During the fiscal year ended March 31, 2021, adjustments were made to management's estimate of this future benefit, based on historical information related to employee terminations. Estimates as of the fiscal year ended March 31, 2021, include the estimated costs that are related to employees who are considered to be on the retirement track, as many employees who are not with the Organization for a considerable amount of time typically cash out any vacation benefits available upon termination and, therefore, are not entitled to these health care benefits. Management believes that this adjustment provides a more thorough basis for the estimate of these costs. The appropriate programs were charged for the health care benefit, based upon the employee's current cost allocation to the program or the administrative functions. Adjustments to the accrued health insurance benefit are made as vacation accruals adjust or as termination/retirement occurs. Any credits that are due to changes in coverage, earned health insurance periods, or a surrender of benefits due to lump-sum payments of accrued vacation or the death of an employee, are credited to the program where the initial expense was incurred.

The accrued vacation and related benefits were fully funded as of March 31, 2021, in the form of certificates of deposit and cash deposits in the Medical Expense Reimbursement Program (“MERP”) and vacation cash accounts.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 14 – ACCRUED HEALTH BENEFITS RESERVE

The Organization maintains a MERP account 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 the insurance premiums that are paid to a third-party insurance provider. Employees' co-pays are paid from this fund after their applicable deductibles are met. Annually, an estimate of the funds that are needed to cover these expected costs is charged to the programs, and then a true-up is done at the end of the benefit year, and refunds are made back to the programs for the balances that management has determined are in excess of the expected costs. Certain cash balances in the MERP account as of March 31, 2021, totaling \$184,763 are available to cover future claims not yet submitted, as estimated by management. However, these amounts have not been significant since the start of the MERP account. See details on program refunds below.

Therefore, excess balances in the MERP cash account are also used to fund the MERP benefits that are associated with accrued vacation, as well as additional funding for accrued vacation and related benefits. An amount of \$47,177 has been recorded as a liability in the financial statements for the expected future benefits for health care costs that are associated with employees who plan to retire from the Organization and will take vacation benefits over a certain time period.

On an annual basis at the end of each plan year (August 31), management performs an analysis of the funds that are available to meet the future claims that are incurred during the plan year, but have not yet been submitted for payment. If the liability is determined to be in excess of the expected claims, the remainder is used to reduce the insurance premiums. During the fiscal year ended March 31, 2021, approximately \$165,500 was applied to insurance premiums as monthly refunds, thus reducing the expenses to the programs and corporate accounts for that period. Reductions in insurance premiums will continue to be applied to the program and corporate funds on a monthly basis until the end of the current plan year on August 31, 2021. At that time, the liability reserve amount will be analyzed for future claims, as previously discussed.

NOTE 15 – NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction consist of donations with restrictions by donors that have not yet been met. Donor-restricted net assets as of March 31, 2021, consist of the following:

Secret Santa Project (Morgan and Washington Counties)	\$ 5,172
Foundation (Backpack Project)	1,872
Washington County Levy (Senior Programs)	<u>336,535</u>
Total net assets with donor restriction	<u>\$ 343,579</u>

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the statement of financial position date through December 14, 2021, which is the date the financial statements were available to be issued and the report date.

During 2020, the World Health Organization declared the spread of COVID-19 as a worldwide pandemic. COVID-19 continues to have significant effects on global markets, supply chains, businesses, and communities. At the end of the current fiscal year, due to state mandated stay at home orders and various other restrictions related to COVID-19, the Organization did experience some interruption in services primarily related to the Head Start, CACFP, and Weatherization Programs. COVID-19 may impact various parts of its fiscal 2022 operations and financial results, including, but not limited to, additional costs of emergency preparedness, disease control and containment, potential shortages of personnel, or loss of revenue due to reductions in certain revenue streams. Management believes that the Organization is taking the appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 14, 2021.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

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 AGRICULTURE				
<u>DIRECT RECIPIENT:</u>				
Rural Housing Preservation Grants	10.433	HPG19-21		\$ 27,067
Subtotal – Rural Housing Preservation Grants – 10.433				27,067
<u>PASSED THROUGH OHIO DEPARTMENT OF HEALTH:</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	08460011WA1320		185,460
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	08460011WA1421		163,100
Subtotal – WIC Special Supplemental Nutrition Program for Women, Infants, and Children – 10.557				348,560
<u>PASSED THROUGH OHIO DEPARTMENT OF EDUCATION:</u>				
Child and Adult Care Food Program	10.558	N/A		45,003
Subtotal – Child and Adult Care Food Program – 10.558				45,003
SUBTOTAL – U.S. DEPARTMENT OF AGRICULTURE				420,630
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<u>PASSED THROUGH CITY OF MARIETTA:</u>				
Community Development Block Grants/Entitlement Grants				
Coronavirus (CDBG – CV)	14.218	B-20-MW-39-0018		20,781
Subtotal – Community Development Block Grants/Entitlement Grants – 14.218				20,781
Subtotal – CDBG Entitlement Grants Cluster – 14.218				20,781
<u>PASSED THROUGH OHIO DEVELOPMENT SERVICES AGENCY:</u>				
Community Development Block Grant (CDBG-CV – Target of Opportunity Program)	14.228	N-D-20-6AN-1		80,153
Subtotal – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – 14.228				80,153
Emergency Solutions Grant Program (Homeless Crisis Response Program – CARES Housing Stability)	14.231	N-L-20-6AN-5		71,420
Emergency Solutions Grant Program (Homeless Crisis Response Program – CARES Emergency Shelter)	14.231	N-L-20-6AN-4		67,161
Subtotal – Emergency Solutions Grant Program – 14.231				138,581
<u>PASSED THROUGH CITY OF MARIETTA:</u>				
Continuum of Care Program	14.267	OH0428L5E071807		5,064
Continuum of Care Program	14.267	OH0428L5E071908		27,930
Subtotal – Continuum of Care Program – 14.267				32,994
Section 8 Housing Choice Vouchers (HUD Administration)	14.871	OH077 A		6,681
Section 8 Housing Choice Vouchers (HUD Administration)	14.871	OH077 A		126,863
Section 8 Housing Choice Vouchers (HUD Administration – CARES)	14.871	OH077 A		75,285
Section 8 Housing Choice Vouchers (HUD Administration)	14.871	OH077 A		39,168
Section 8 Housing Choice Vouchers (HUD)	14.871	OH077 V & VASH		1,440,061
Section 8 Housing Choice Vouchers (HUD)	14.871	OH077 V & VASH		472,257
Subtotal – Section 8 Housing Choice Vouchers – 14.871				2,160,315
Mainstream Vouchers (HUD)	14.879	OH077 Mainstream		56,785
Mainstream Vouchers (HUD)	14.879	OH077 Mainstream		18,266
Mainstream Vouchers (HUD – CARES)	14.879	OH077 Mainstream		8,805
Subtotal – Mainstream Vouchers – 14.879				83,856
Subtotal – Housing Voucher Cluster – 14.871, 14.879				2,244,171

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

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 HOUSING AND URBAN DEVELOPMENT (CONTINUED)				
<u>PASSED THROUGH CITY OF MARIETTA:</u>				
Family Self-Sufficiency Program (HUD Section 8)	14.896	FSS200H3259		33,275
Family Self-Sufficiency (HUD Section 8)	14.896	FSS210H3681		11,370
Subtotal – Family Self-Sufficiency Program – 14.896				<u>44,645</u>
SUBTOTAL – U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>2,561,325</u>
U.S. DEPARTMENT OF LABOR				
<u>PASSED THROUGH OHIO VALLEY EMPLOYMENT RESOURCE:</u>				
WIOA National Dislocated Worker Grants/WIA National Emergency Grants (NDWG – Opioids #3)	17.277	NDWG - Opioids#3		8,449
Subtotal – WIOA National Dislocated Worker Grants/ WIA National Emergency Grants – 17.277				<u>8,449</u>
<u>PASSED THROUGH OHIO VALLEY EMPLOYMENT RESOURCE:</u>				
Hurricanes and Wildfires of 2017 Supplemental – National Dislocated Worker Grants (Washington NDWG Disaster)	17.286	Wash NDWG Disaster		214,503
Hurricanes and Wildfires of 2017 Supplemental – National Dislocated Worker Grants (Morgan NDWG Disaster)	17.286	Morgan NDWG Disaster		193,392
Hurricanes and Wildfires of 2017 Supplemental – National Dislocated Worker Grants (Noble NDWG Disaster)	17.286	Noble NDWG Disaster		107,996
Subtotal – Hurricanes and Wildfires of 2017 Supplemental – National Dislocated Worker Grants – 17.286				<u>515,891</u>
SUBTOTAL – U.S. DEPARTMENT OF LABOR				<u>524,340</u>
U.S. DEPARTMENT OF TREASURY				
<u>PASSED THROUGH STATE OF OHIO OFFICE OF BUDGET MANAGEMENT:</u>				
Coronavirus Relief Fund (CRF – OH Homecare Waiver)	21.019	2020		905
Coronavirus Relief Fund (CRF – PASSPORT)	21.019	2020		16,907
Subtotal – Coronavirus Relief Fund – 21.019				<u>17,812</u>
<u>PASSED THROUGH VILLAGE OF MALTA:</u>				
Coronavirus Relief Fund (CRF – Housing Assistance)	21.019	2020		20,000
Coronavirus Relief Fund (CRF – Food Assistance)	21.019	2020		4,500
Subtotal – Coronavirus Relief Fund – 21.019				<u>24,500</u>
<u>PASSED THROUGH OHIO DEVELOPMENT SERVICES AGENCY:</u>				
Coronavirus Relief Fund – Emergency Services Program (CRF-ESP)	21.019	CRF-ESP 2020-41		456,750
Subtotal – Coronavirus Relief Fund – 21.019				<u>456,750</u>
Subtotal – Coronavirus Relief Fund – 21.019				<u>499,062</u>
<u>PASSED THROUGH OHIO DEVELOPMENT SERVICES AGENCY:</u>				
Emergency Rental Assistance Program – Consolidated Appropriations Act 2021 – Home Relief Grant (CAA-HRG)	21.023	CAA-HRG 2021-41		249,800
Subtotal – Emergency Rental Assistance Program – 21.023				<u>249,800</u>
SUBTOTAL – U.S. DEPARTMENT OF TREASURY				<u>748,862</u>

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

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 VETERANS AFFAIRS				
<u>DIRECT RECIPIENT:</u>				
VA Supportive Services for Veteran Families Program	64.033	14-OH-265-2020	\$ 9,579	283,703
VA Supportive Services for Veteran Families Program – CARES	64.033	14-OH-265-CA	55,706	510,887
VA Supportive Services for Veteran Families Program	64.033	14-OH-265-2021	-	57,955
VA Supportive Services for Veteran Families Program – CARES	64.033	14-OH-265-C2	37,789	406,861
Subtotal – VA Supportive Services for Veteran Families Program – 64.033			<u>103,074</u>	<u>1,259,406</u>
SUBTOTAL – U.S. DEPARTMENT OF VETERANS AFFAIRS			<u>103,074</u>	<u>1,259,406</u>
U.S. DEPARTMENT OF ENERGY				
PASSED THROUGH CORPORATION FOR OHIO				
<u>APPALACHIAN DEVELOPMENT (COAD):</u>				
Weatherization Assistance for Low-Income Persons	81.042	19-133P		10,025
Weatherization Assistance for Low-Income Persons	81.042	20-133P		172,781
Subtotal – Weatherization Assistance for Low-Income Persons – 81.042				<u>182,806</u>
SUBTOTAL – U.S. DEPARTMENT OF ENERGY				<u>182,806</u>
U.S. DEPARTMENT OF EDUCATION				
<u>PASSED THROUGH MORGAN COUNTY SCHOOLS:</u>				
Education for Homeless Children and Youth	84.196	2019-2020		2,613
Education for Homeless Children and Youth	84.196	2020-2021		24,349
Subtotal – Education for Homeless Children and Youth – 84.196				<u>26,962</u>
SUBTOTAL – U.S. DEPARTMENT OF EDUCATION				<u>26,962</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>PASSED THROUGH BUCKEYE HILLS REGIONAL COUNCIL:</u>				
Special Programs for the Aging – Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2020		3,118
Special Programs for the Aging – Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2021		1,013
Subtotal – Special Programs for the Aging – Title III, Part B, Grants for Supportive Services and Senior Centers – 93.044				<u>4,131</u>
Special Programs for the Aging – Title III, Part C, Nutrition Services	93.045	2020		111,439
Special Programs for the Aging – Title III, Part C, Nutrition Services – CARES	93.045	2020		137,468
Special Programs for the Aging – Title III, Part C, Nutrition Services	93.045	2021		42,080
Subtotal – Special Programs for the Aging – Title III, Part C, Nutrition Services – 93.045				<u>290,987</u>
Nutrition Services Incentive Program (NSIP)	93.053	2020		8,286
Nutrition Services Incentive Program (NSIP)	93.053	2021		10,682
Subtotal – Nutrition Services Incentive Program – 93.053				<u>18,968</u>
Subtotal – Aging Cluster – 93.044, 93.045, 93.053				<u>314,086</u>
PASSED THROUGH MORGAN COUNTY DEPARTMENT OF JOB & FAMILY SERVICES:				
Temporary Assistance for Needy Families (Kinship Navigator)	93.558	2019-2020		22,816
Temporary Assistance for Needy Families (Kinship Navigator)	93.558	2020-2021		16,599
PASSED THROUGH COALITION ON HOMELESSNESS & HOUSING IN OHIO (COOHIO):				
Temporary Assistance for Needy Families (Housing Now for Homeless Families)	93.558	2020-2021		32,761
Subtotal – Temporary Assistance for Needy Families – 93.558				<u>72,176</u>

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Program Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)				
<u>PASSED THROUGH OHIO DEVELOPMENT SERVICES AGENCY:</u>				
Low-Income Home Energy Assistance:				
Low-Income Home Energy Assistance (Crisis Cooling Program)	93.568	20-HC-247		127,250
Low-Income Home Energy Assistance (Administrative – Operations)	93.568	20-HA-147		155,725
Low-Income Home Energy Assistance (Winter Crisis)	93.568	20-HE-247		20,646
Low-Income Home Energy Assistance (Administrative – Operations)	93.568	21-HA-147		243,788
Low-Income Home Energy Assistance (Winter Crisis)	93.568	21-HE-247		431,474
Subtotal – Low-Income Home Energy Assistance – 93.568				<u>978,883</u>
<u>PASSED THROUGH CORPORATION FOR OHIO APPALACHIAN DEVELOPMENT (COAD):</u>				
Low-Income Home Energy Assistance (HWAP Enhancement)	93.568	19-HE-133P		11,915
Low-Income Home Energy Assistance (HWAP Enhancement)	93.568	20-HE-133P		74,234
Low-Income Home Energy Assistance (HWAP)	93.568	19-133P		100,745
Low-Income Home Energy Assistance (HWAP)	93.568	20-133P		138,624
Subtotal – Low-Income Home Energy Assistance – 93.568				<u>325,518</u>
Subtotal – Low-Income Home Energy Assistance – 93.568				<u>1,304,401</u>
<u>PASSED THROUGH OHIO DEVELOPMENT SERVICES AGENCY:</u>				
Community Services Block Grant	93.569	2021-41		183,918
Community Services Block Grant – CARES	93.569	CSBG CARES-2020-41		59,924
Subtotal – Community Services Block Grant – 93.569				<u>243,842</u>
<u>DIRECT RECIPIENT:</u>				
Head Start	93.600	05CH010858-02-05		2,737,718
Head Start – COVID-19	93.600	05CH010858-02-01 CA		215,308
Subtotal – Head Start – 93.600				<u>2,953,026</u>
Subtotal – Head Start Cluster – 93.600				<u>2,953,026</u>
<u>PASSED THROUGH MORGAN COUNTY DEPARTMENT OF JOB & FAMILY SERVICES:</u>				
Social Services Block Grant (Meals & Homemaker)	93.667	2020		73,176
Social Services Block Grant (Meals & Homemaker)	93.667	2021		30,551
Subtotal – Social Services Block Grant – 93.667				<u>103,727</u>
SUBTOTAL – U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>4,991,258</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 103,074	\$ 10,715,589

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Presentation – The accompanying schedule of expenditures of federal awards (“SEFA”) includes the federal grant activity of The Community Action Program Corporation of Washington-Morgan Counties, Ohio under programs of the federal government for the fiscal year ended March 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of The Community Action Program Corporation of Washington-Morgan Counties, Ohio, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of The Community Action Program Corporation of Washington-Morgan Counties, Ohio.
- B. Basis of Accounting – Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein, certain types of expenditures are not allowable or are limited to reimbursement.

NOTE 2 – DE MINIMIS INDIRECT COST RATE

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

NOTE 3 – ADDITIONAL FEDERAL GRANT/EXPENDITURE INFORMATION

- A. Totals for amounts received from various pass through and federal funding sources are grouped by CFDA numbers and identified clusters on the SEFA.
- B. The Community Action Program Corporation of Washington-Morgan Counties, Ohio administers the Housing Voucher Cluster Program (HUD) for the City of Marietta. These funds are included in the SEFA.
- C. The Organization passed through approximately \$103,074 in federal funds to subrecipients under CFDA No. 64.033.

NOTE 4 – NON-CASH ASSISTANCE

Approximately \$311,144 in non-cash assistance was expended as part of the federal programs, which are included on the SEFA. Details by program are included in Note 5 to the financial statements.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

The report on the financial statements of The Community Action Program Corporation of Washington-Morgan Counties, Ohio as of and for the fiscal year ended March 31, 2021, is unmodified. The opinion is dated December 14, 2021.

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported

Type of auditor’s report issued on compliance for major programs:

An unmodified opinion has been issued on the compliance for major programs of The Community Action Program Corporation of Washington-Morgan Counties, Ohio as of and for the fiscal year ended March 31, 2021. The opinion is dated December 14, 2021.

Any audit findings disclosed that are required to be reported in accordance the Uniform Guidance?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of Major Programs:

CFDA Number

Name of Federal Program

21.019	U.S. Department of the Treasury: Coronavirus Relief Fund
64.033	U.S. Department of Veteran’s Affairs: VA Supportive Services for Veterans Families Program
93.600 & 93.356	U.S. Department of Health and Human Services: Head Start Cluster (Head Start 93.356 was not applicable)



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Community Action Program Corporation of Washington-Morgan Counties, Ohio (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, 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 December 14, 2021.

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) as a basis for designing 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.

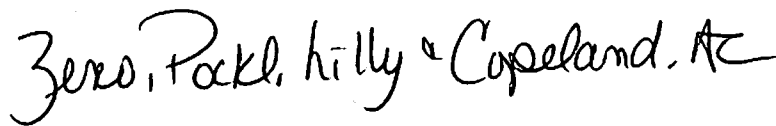
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

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

Wheeling, West Virginia
December 14, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited The Community Action Program Corporation of Washington-Morgan Counties, Ohio's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's major federal programs for the fiscal year ended March 31, 2021. 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 fiscal year ended March 31, 2021.

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
December 14, 2021

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
STATUS OF PRIOR YEAR AUDIT FINDINGS/COMMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

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