

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

MARIETTA, OHIO

AUDIT REPORT

MARCH 31, 2022

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
MARCH 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Community Action Program Corporation of Washington-Morgan Counties, Ohio as of March 31, 2022, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Community Action Program Corporation of Washington-Morgan Counties, Ohio and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Community Action Program Corporation of Washington-Morgan Counties, Ohio's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Community Action Program Corporation of Washington-Morgan Counties, Ohio's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 schedule of expenditures of federal awards 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 20, 2022, 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
December 20, 2022

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022**

ASSETS

Cash and cash equivalents	\$ 1,774,096
Savings and certificates of deposit	494,824
Grants and contracts receivable	1,295,626
Other receivables	145,248
Inventory	39,713
Prepaid expenses	147,713
Property and equipment, net of accumulated depreciation of \$2,689,854	<u>1,696,348</u>
TOTAL ASSETS	<u>\$ 5,593,568</u>

LIABILITIES

Accounts payable	\$ 354,987
Accrued payroll, benefits, and taxes	342,453
Accrued employee health care benefits (MERP)	7,800
Accrued vacation and related benefits	528,022
Other accrued expenses	19,802
Funds due to grantor	36,227
Deferred revenue	862,232
Unearned program and management fees	6,663
Funds held in trust	140,547
Mortgages payable – soft mortgages	<u>465,143</u>
Total liabilities	<u>2,763,876</u>

NET ASSETS

Net assets – without donor restriction	2,347,036
Net assets – with donor restriction	<u>482,656</u>
Total net assets	<u>2,829,692</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,593,568</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 FISCAL YEAR ENDED MARCH 31, 2022**

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUES			
Federal grants and contracts	\$ 13,270,873	\$ -	\$ 13,270,873
State, local, and other grants and contracts	212,071	365,440	577,511
Fee-for-service and vendor contracts	1,126,712	-	1,126,712
Contributions and other public support	194,073	31,745	225,818
Program income, rents, and fees	396,306	-	396,306
Gain on sale of fixed assets	17,361	-	17,361
Loan amortization income	47,589	-	47,589
Miscellaneous income and refunds	17,371	-	17,371
Interest income	1,188	-	1,188
Net assets released from restriction	258,108	(258,108)	-
Total support and revenues	<u>15,541,652</u>	<u>139,077</u>	<u>15,680,729</u>
EXPENSES			
Program and corporate services	15,647,367	-	15,647,367
Management and general	251,517	-	251,517
Total expenses	<u>15,898,884</u>	<u>-</u>	<u>15,898,884</u>
Change in net assets	(357,232)	139,077	(218,155)
NET ASSETS, BEGINNING OF YEAR	<u>2,704,268</u>	<u>343,579</u>	<u>3,047,847</u>
NET ASSETS, END OF YEAR	<u>\$ 2,347,036</u>	<u>\$ 482,656</u>	<u>\$ 2,829,692</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, 2022**

	Senior and Community Services	Housing Weatherization/ Preservation and Transportation Services	Children's Programs	Health Programs
EXPENDITURES				
Salaries and wages	\$ 1,633,478	\$ 679,466	\$ 1,522,568	\$ 188,794
Fringe benefits	654,332	307,910	680,411	77,374
Travel and transportation	102,317	6,526	23,908	59
Contractual and other professional fees	45,762	10,971	99,375	1,587
Communications	32,217	6,729	19,390	6,677
Occupancy, facility costs, and rents	116,046	13,283	98,305	20,187
Rental and other housing assistance payments	6,001,220	-	-	-
Insurances	50,752	83,953	48,650	23,620
Supplies	166,536	16,295	116,533	4,846
Equipment and equipment maintenance	65,720	38,414	52,425	5,706
Materials	-	239,344	-	-
Vehicle operations	17,637	100,997	991	-
Housing rehabilitation	-	99,930	-	-
Emergency assistance and participant costs	1,126,121	-	-	-
Food costs	425,569	-	65,254	-
Other costs	19,631	3,392	15,851	49
Depreciation	-	-	-	-
Total expenditures	<u>\$ 10,457,338</u>	<u>\$ 1,607,210</u>	<u>\$ 2,743,661</u>	<u>\$ 328,899</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, 2022**

	<u>Corporate Services</u>	<u>Total Program and Corporate Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
EXPENDITURES				
Salaries and wages	\$ 150,967	\$ 4,175,273	\$ 41,700	\$ 4,216,973
Fringe benefits	63,592	1,783,619	16,891	1,800,510
Travel and transportation	1,543	134,353	705	135,058
Contractual and other professional fees	3,076	160,771	3,179	163,950
Communications	2,663	67,676	(1,978)	65,698
Occupancy, facility costs, and rents	120,151	367,972	7,255	375,227
Housing assistance payments	18,380	6,019,600	2,016	6,021,616
Insurances	93,777	300,752	3,737	304,489
Supplies	5,020	309,230	5,978	315,208
Equipment and equipment maintenance	3,228	165,493	1,469	166,962
Materials	28,938	268,282	12,585	280,867
Vehicle operations	17,647	137,272	310	137,582
Housing rehabilitation	-	99,930	-	99,930
Emergency assistance and participant costs	-	1,126,121	-	1,126,121
Food costs	-	490,823	-	490,823
Other costs	1,277	40,200	14,065	54,265
Depreciation	-	-	143,605	143,605
 Total expenditures	 <u>\$ 510,259</u>	 <u>\$ 15,647,367</u>	 <u>\$ 251,517</u>	 <u>\$ 15,898,884</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, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (218,155)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	143,605
Amortization of soft mortgages	(47,589)
Interest capitalized on certificates of deposit	(1,730)
Gain on sale of fixed assets	(17,361)
Changes in assets and liabilities:	
Grants, contracts, and other receivables	(290,098)
Inventory	(12,880)
Prepaid expenses	55,761
Accounts payable	(87,437)
Accrued payroll, benefits, and taxes	6,574
Accrued employee health care benefits (MERP)	(39,377)
Accrued vacation and related benefits and other accrued expenses	28,778
Funds due to grantor	7,701
Deferred revenue	179,538
Unearned program and management fees	944
Funds held in trust	(57,225)
Net cash used in operating activities	<u>(348,951)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of fixed assets	31,868
Purchase of fixed assets	(11,850)
Net cash provided by investing activities	<u>20,018</u>
Decrease in cash and cash equivalents	(328,933)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

2,103,029

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 1,774,096

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, 2022**

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, 2022**

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 expense during the fiscal year ended March 31, 2022.

The Organization maintains cash deposits in certain financial institutions that may, at times, exceed federally insured amounts of up to \$250,000, per account. The financial institution has pledged approximately \$3,000,000 in government or government agency securities on behalf of the Organization in order to secure the amounts which exceed the insured amounts.

Cash balances on the statement of financial position include \$88,724 in HUD Escrow funds and \$95,457 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 \$140,547 as of March 31, 2022, and is also reported in the liabilities section of the statement of financial position as funds held in trust. Remaining cash balances of \$43,634 represent the administrative fees that are earned by the Organization, but have not been spent as of March 31, 2022.

Certificates of Deposit

Certificates of deposit are recorded at cost, plus accrued interest. Interest rates on the certificates of deposit range from 0.15 percent to 0.45 percent as of March 31, 2022.

Property and Equipment and Space Costs

For financial reporting purposes, all acquisitions of property and equipment that are generally in excess of \$5,000, as well as 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 and equipment are calculated by using the straight-line method over the estimated useful lives of the assets, as follows: 40 years for buildings and improvements, and 3 to 5 years for vehicles and equipment.

The property 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.

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements 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, 2022**

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 that are associated with buildings that are used specifically to provide services for a particular program are charged directly to that program.

Inventory

Inventory is recorded at cost on a first-in, first-out basis and includes both materials inventory and food inventory. Inventory is initially purchased with corporate funds and is then charged to, and reimbursed by, each applicable program based on actual usage. As of March 31, 2022, total inventory amounted to \$39,713, which included \$22,685 in materials inventory and \$17,028 in food inventory. All other minor supplies are charged to expense during the period of purchase.

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, 2022, as management believes that 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:

- 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.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. 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 that are 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, unless the restriction is met during the same reporting period.
- c. Grants revenue is recorded 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 grant revenue that is earned exceeds 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, 2022, 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 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.

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 that is earned on other funds is transferred to the corporate accounts and is used to support the programs of the Organization.

In-kind Contributions

The Organization receives a significant amount of donated services from parents and other volunteers who assist primarily in the operation of the federal Head Start program. However, for these donated services to be recognized in the financial statements, they must meet the criteria for recognition as outlined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 958-605 – *Not-for-Profit Entities – Revenue Recognition*. FASB ASC No. 958-605 allows the recognition of contributed services only if (i) the services create or enhance non-financial assets or (ii) the services require specialized skills, are provided by individuals possessing those skills, and would be purchased, if not provided by contribution. The donated services from parents and other volunteers related to the Head Start program do not meet these criteria and, accordingly, have not been recognized in the statement of activities for the fiscal year ended March 31, 2022. While these donated services are not recognized for financial reporting purposes, they are recognized for grant reporting purposes. See Note 5 for additional details.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

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 March 31, 2022, were \$689,056. Prior to distributing these costs to the programs, the Management Pool and other general expenses totaled \$940,573. The total program and corporate services costs before the allocation of the Management Pool costs were \$14,958,311. 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 that is 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 that they spend on the specific programs on their time sheets. They then record the time that is 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 that is 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, 2022**

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 that is 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 programs 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 that are 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, 2022**

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 Department of Development ("ODOD") 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, 2022.

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, 2022.

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 2019.

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, 2022**

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. However, 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 that are 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	\$ 1,774,096
Savings and certificates of deposit	494,824
Grants, contracts, and other receivables	1,440,874
Cash reserved to fund accrued vacation and related benefits and accrued health benefits	(535,822)
Revenue received in advance (funds due to grantor, deferred revenue, and unearned fees)	(905,122)
Funds held in trust on client's behalf	(140,547)
Financial assets restricted for specific donor purposes	<u>(482,656)</u>
Total	<u>\$ 1,645,647</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, 2022**

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, 2022, thereby restricting the Organization's access to the net assets of the PIP Trust. Accordingly, as of March 31, 2022, 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, 2022. There were no additional transactions between the PIP Trust and the Organization for the fiscal year ended March 31, 2022.

NOTE 5 – IN-KIND SERVICES AND LOCAL CASH MATCHES

The Organization receives a significant amount of donated services from parents and other volunteers who assist in the operation of the federal Head Start program. As mentioned in Note 2, none of these amounts have been recognized in the statement of activities for the fiscal year ended March 31, 2022, since the criteria for recognition under U.S. GAAP have not been met. However, while these donated services are not recognized for financial reporting purposes, they are recognized for grant reporting purposes. In-kind services are valued using the state minimum wage rate, including fringe benefits, multiplied by the hours that are donated, which resulted in \$277,583 of donated services, which exceeded the required recipient share amount of \$238,249 for the Head Start program for the fiscal year ended March 31, 2022.

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.

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

The current grants and contracts 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 \$1,295,626 for grants and contracts receivable, and \$862,232 for deferred revenue as of March 31, 2022, consist of the following:

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

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

GRANTS AND CONTRACTS RECEIVABLE:

Federal Programs

Buckeye Hills Regional Council – Senior Programs	\$ 29,385
City of Marietta – Continuum of Care Program (Shelter Plus Care)	4,345
City of Marietta – Mainstream Vouchers (HUD)	3,997
City of Marietta – Mainstream Vouchers (HUD – CARES)	54,060
City of Marietta – Section 8 Housing Choice Vouchers (HUD)	16,838
City of Marietta – CDBG-CV (CARES)	47,811
COAD – HWAP DOE	7,488
COAD – HWAP HHS	8,964
COAD – HWAP Enhancement	49,074
Coalition on Homelessness and Housing in Ohio – TANF (Housing Now for Homeless Families)	6,324
Department of Veteran's Affairs – SSVF	69,377
HHS – Head Start	98,903
Morgan County DJFS – Social Services Block Grant (Meals and Homemaker)	1,638
Morgan County DJFS – TANF (Kinship Navigator)	4,443
ODOD – CAA Home Relief Grant	284,511
ODOD – CARES Housing Stability	30,758
ODOD – CARES Emergency Shelter	83,063
ODOD – CDBG-CV (CARES Target of Opportunity)	19,737
ODOD – Community Services Block Grant	65,863
ODOD – Community Services Block Grant (CARES)	9,414
ODOD – LIHEAP (Administrative – Operations)	58,381
ODOD – LIHEAP (Emergency)	50,000
ODOD – LIHEAP (Low-Income Housing Water Assistance Program)	9,327
Ohio Association of Foodbanks – Affordable Care Act Navigator	6,497
Ohio Department of Education – CACFP	6,345
Ohio Department of Health – WIC	35,627
Ohio Housing Finance Agency – Homeowner Assistance Fund (Utility Assistance Plus)	123,834
USDA – Rural Housing Preservation	47,182
Total grants and contracts receivable – federal programs	<u>1,233,186</u>

State, Local, and Other Programs

Buckeye Hills – Passport and Block Grant	18,598
Housing Trust Grant	25,838
ODOD – HCRP	14,965
ODOD – PIPP	1,946
Ohio University – Pregnancy Navigator	<u>1,093</u>

Total grants and contracts receivable – state, local, and other programs	<u>62,440</u>
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Total grants and contracts receivable	<u>\$1,295,626</u>
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**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

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

DEFERRED REVENUE:

Federal Programs

City of Marietta – Section 8 Housing Choice Vouchers (HUD)	\$ 185,540
City of Marietta – Mainstream Vouchers (HUD)	95,045
COAD – HWAP DOE	12,251
COAD – HWAP HHS	20,459
COAD – HWAP Enhancement	66,561
HHS – Childcare and Development Block Grant	18,850
ODOD – CAA Home Relief Grant	125,329
ODOD – Community Services Block Grant	37,553
ODOD – Community Services Block Grant (CARES)	94,387
ODOD – LIHEAP (Administrative – Operations)	83,591
ODOD – LIHEAP (Emergency)	2,496
ODOD – LIHEAP (Low-Income Housing Water Assistance Program)	59,491
Ohio Department of Aging – Coronavirus Relief Fund	<u>46,928</u>
Total deferred revenue – federal programs	<u>848,481</u>

State and Local Programs

COHHIO Risk Mitigation	2,944
ODOD – PIPP	4,510
OHFA EHAP	137
OHFA CJ	<u>6,160</u>
Total deferred revenue – state and local programs	<u>13,751</u>

Total deferred revenue \$ 862,232

In addition, funds totaling \$36,227 for the Winter Crisis Program were returned to ODOD at the close-out of the 22-HE-247 grant subsequent to fiscal year end. This amount is reported as funds due to grantor on the statement of financial position as of March 31, 2022.

NOTE 7 – MORTGAGES PAYABLE – SOFT MORTGAGES

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, 2022:

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

NOTE 7 – MORTGAGES PAYABLE – SOFT MORTGAGES (CONTINUED)

Total second mortgages in the name of the Ohio Department of Mental Health, as detailed below	\$ 221,519
Total second mortgages in the name of the Ohio Department of Development, as detailed below	233,904
Total second mortgages in the name of Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities, as detailed below	<u>9,720</u>
Total mortgages payable	465,143
Current maturities	<u>(47,591)</u>
Mortgages payable, net of current portion	<u>\$ 417,552</u>

Maturities of mortgages payable amounts that are due over the next 5 years for the fiscal years ending March 31, are as follows:

	<u>Soft Mortgages</u>
2023	\$ 47,591
2024	42,731
2025	40,301
2026	40,301
2027	40,301

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

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

Gates Street	\$ 20,399
Elm and Maple Streets	16,945
Fifth Street Property	18,272
East Bell	19,421
Wayne Street	11,113
Main Street	14,078
Scammel Street	28,892
Cisler Street	<u>92,399</u>
Total ODMH mortgages	<u>\$ 221,519</u>

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

NOTE 7 – MORTGAGES PAYABLE – SOFT MORTGAGES (CONTINUED)

Certain properties were also acquired with grant funds from the Ohio Department of Development. Second mortgages were placed on the properties by ODOD. 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 fiscal year end. The debt is reduced by an amount equal to 1/360 each month.

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

Sharon Street Property	\$ 10,139
Wedgewood Drive Property	9,297
4 Units of the 8-Unit Complex	95,166
Spring Street	13,331
Main Street	15,796
Sixteenth Street	14,660
Poplar Street	13,153
Florence	20,896
Cisler Street	<u>41,466</u>
Total ODOD mortgages	<u>\$ 233,904</u>

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 fiscal year end. The debt is reduced by an amount equal to 1/180 each month.

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

Summit Street Property	<u>\$ 9,720</u>
Total Washington County and Morgan County Board of Mental Retardation and Developmental Disabilities mortgages	<u>\$ 9,720</u>

Since all of these mortgages are forgivable, no interest expense has been recorded for the fiscal year ended March 31, 2022.

NOTE 8 – PROPERTY AND EQUIPMENT

As described in Note 2 to the financial statements, the Organization owns various property and equipment, which are recorded on the statement of financial position as of March 31, 2022.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

NOTE 8 – PROPERTY AND EQUIPMENT (CONTINUED)

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.

Property and equipment consist of the following as of March 31, 2022:

Land	\$ 20,228
Buildings and improvements	<u>3,617,991</u>
Total land, buildings, and improvements	3,638,219
Vehicles	578,171
Equipment	<u>169,812</u>
Total property and equipment	4,386,202
Accumulated depreciation	<u>(2,689,854)</u>
Property and equipment, net	<u>\$ 1,696,348</u>

Depreciation expense charged to operations during the fiscal year ended March 31, 2022, totaled \$143,605.

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 year 2021, and \$20,500 for calendar year 2022, 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 year 2021, and \$27,000 for calendar year 2022. 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, 2022, for this Plan was \$190,818.

NOTE 10 – EQUIPMENT LEASE

On March 19, 2020, the Organization entered into an operating lease agreement with a 36-month term, commencing on April 1, 2020, and terminating on March 31, 2023. The balance remaining on this lease as of March 31, 2022, is \$15,312, which will be paid during the fiscal year ending March 31, 2023. Rent expense amounted to \$15,312 for the fiscal year ended March 31, 2022.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

NOTE 11 – CONCENTRATIONS

The Organization receives approximately 85 percent of its support and revenues through federal government grants. Approximately 79 percent of total federal funds are through the five programs noted below. Their percentage of funding to total federal funding is as follows:

<u>Program</u>	<u>Percent</u>
Head Start – 93.600	20
Emergency Rental Assistance Program (CAA-HRG) – 21.023	19
Housing Voucher Cluster – 14.871 and 14.879	18
Low-Income Home Energy Assistance Program ("LIHEAP") – 93.568	12
VA Supportive Services for Veteran Families Program – 64.033	<u>10</u>
Total	<u>79</u>

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 \$528,002 is primarily comprised of accrued vacation balances totaling \$441,704, as well as related benefits and accruals related to accrued vacation wages totaling \$86,318.

Included in the related benefits and accruals balance is the Organization's estimated health care benefit earned, which totals \$41,368 for employees that are expected to retire under the terms detailed here. 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, 2022, adjustments were made to management's estimate of this future benefit, based on the historical information that is related to employee terminations/retirements. Estimates as of the fiscal year ended March 31, 2022, include the expected costs that are related to employees who are considered to be on the retirement track, as many employees who are not employed by 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 in which the initial expense was incurred.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

NOTE 13 – ACCRUED VACATION AND RELATED BENEFITS (CONTINUED)

The accrued vacation and related benefits are funded as of March 31, 2022, in the form of certificates of deposit and other cash deposits in various Organizational checking accounts.

NOTE 14 – ACCRUED EMPLOYEE HEALTH CARE BENEFITS (MERP)

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. For fiscal year 2022, net costs of this benefit charged to programs was approximately \$21,000.

An amount of \$7,800 has been recorded as a liability in the financial statements as of March 31, 2022, for the expected future expenses that are related to the employee health care benefits for claims that were incurred prior to March 31, 2022, but have not been presented for payment until after fiscal year end. Cash balances are maintained in the Organization's MERP Cash Account to fund these expected liability amounts.

In addition, on an annual basis at the end of each plan year (August 31), management performs an analysis of the MERP benefits in order to determine the cash balances that are needed to meet the expected costs of this program for the next plan year, as well as to determine the estimated costs that are to be allocated to programs and corporate programs to fund the MERP.

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, 2022, consist of the following:

Secret Santa Project (Morgan County)	\$ 5,757
Foundation (Backpack Project)	22,673
Washington County Levy (Senior Programs)	<u>454,226</u>
Total net assets with donor restriction	<u>\$ 482,656</u>

NOTE 16 – SUBSEQUENT EVENTS

Management of the Organization has evaluated events and transactions occurring subsequent to March 31, 2022, through December 20, 2022, which is the date the financial statements were available to be issued and the report date, for potential recognition and disclosure in the financial statements.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

NOTE 16 – SUBSEQUENT EVENTS (CONTINUED)

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. Specific to the Organization, COVID-19 may impact various parts of its fiscal 2023 operations and financial results including, but not limited to, additional costs of emergency preparedness, disease control and containment, potential shortages of personnel and program supplies, 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 20, 2022.

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Grant or Program Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE				
<u>DIRECT RECIPIENT:</u>				
Rural Housing Preservation Grants	10.433	HPG19-21		\$ 78,870
Subtotal – Rural Housing Preservation Grants – 10.433				<u>78,870</u>
<u>PASSED THROUGH OHIO DEPARTMENT OF HEALTH:</u>				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	08460011WA1421		174,201
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	08460011WA1522		<u>153,605</u>
Subtotal – WIC Special Supplemental Nutrition Program for Women, Infants, and Children – 10.557				<u>327,806</u>
<u>PASSED THROUGH OHIO DEPARTMENT OF EDUCATION:</u>				
Child and Adult Care Food Program	10.558	N/A		<u>87,231</u>
Subtotal – Child and Adult Care Food Program – 10.558				<u>87,231</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>493,907</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<u>PASSED THROUGH CITY OF MARIETTA:</u>				
Community Development Block Grants/Entitlement Grants – Coronavirus (CDBG-CV) – CARES Act	14.218	B-20-MW-39-0018		<u>82,311</u>
Subtotal – Community Development Block Grants/ Entitlement Grants – 14.218				<u>82,311</u>
Subtotal – CDBG – Entitlement Grants Cluster – 14.218				<u>82,311</u>
<u>PASSED THROUGH OHIO DEPARTMENT OF DEVELOPMENT:</u>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CDBG-CV – Target of Opportunity Program) – CARES Act	14.228	N-D-20-6AN-1		<u>222,385</u>
Subtotal – Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii – 14.228				<u>222,385</u>
Homeless Crisis Response Program – CARES Act (Ohio Emergency Solutions Grant – Housing Stability)	14.231	N-L-20-6AN-5		158,168
Homeless Crisis Response Program – CARES Act (Ohio Emergency Solutions Grant – Emergency Shelter)	14.231	N-L-20-6AN-4		<u>405,496</u>
Subtotal – Emergency Solutions Grant Program – 14.231				<u>563,664</u>
<u>PASSED THROUGH CITY OF MARIETTA:</u>				
Continuum of Care Program	14.267	OH0428L5E071908		1,817
Continuum of Care Program	14.267	OH0428L5E072009		<u>32,663</u>
Subtotal – Continuum of Care Program – 14.267				<u>34,480</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, 2022**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Grant or Program Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)				
<u>PASSED THROUGH CITY OF MARIETTA:</u>				
Section 8 Housing Choice Vouchers (HUD Administration 2020)	14.871	OH077 A		95
Section 8 Housing Choice Vouchers (HUD Administration 2020 CARES) – COVID-19	14.871	OH077 A		34,555
Section 8 Housing Choice Vouchers (HUD Administration 2021)	14.871	OH077 A		168,238
Section 8 Housing Choice Vouchers (HUD Administration 2022)	14.871	OH077 A		53,238
Section 8 Housing Choice Vouchers (HUD 2021)	14.871	OH077 V & VASH		1,451,819
Section 8 Housing Choice Vouchers (HUD 2022)	14.871	OH077 V & VASH		496,486
Subtotal – Section 8 Housing Choice Vouchers – 14.871				<u>2,204,431</u>
Mainstream Vouchers (HUD Mainstream 2021)	14.879	OH077 Mainstream		55,401
Mainstream Vouchers (HUD Mainstream 2022)	14.879	OH077 Mainstream		19,429
Mainstream Vouchers (HUD Mainstream CARES) – COVID-19	14.879	OH077 Mainstream		93,072
Subtotal – Mainstream Vouchers – 14.879				<u>167,902</u>
Subtotal – Housing Voucher Cluster – 14.871, 14.879				<u>2,372,333</u>
Family Self-Sufficiency Program (HUD Section 8 2021)	14.896	FSS21OH3681		37,885
Family Self-Sufficiency Program (HUD Section 8 2022)	14.896	FSS22OH4508		13,500
Subtotal – Family Self-Sufficiency Program – 14.896				<u>51,385</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>3,326,558</u>
U.S. DEPARTMENT OF THE TREASURY				
<u>PASSED THROUGH BUCKEYE HILLS REGIONAL COUNCIL:</u>				
Coronavirus Relief Fund – Rapid Response – COVID-19	21.019	2022		29,754
<u>PASSED THROUGH OHIO DEPARTMENT OF AGING:</u>				
Coronavirus Relief Fund – Adult Day Service and Senior Center Relief – Nutrition Support	21.019	N/A		13,072
Subtotal – Coronavirus Relief Fund – 21.019				<u>42,826</u>
<u>PASSED THROUGH OHIO DEPARTMENT OF DEVELOPMENT:</u>				
Emergency Rental Assistance Program – Consolidated Appropriations Act 2021 – Home Relief Grant (CAA-HRG)	21.023	CAA-HRG 2021-41		2,564,280
Subtotal – Emergency Rental Assistance Program – 21.023				<u>2,564,280</u>
<u>PASSED THROUGH OHIO HOUSING FINANCE AGENCY:</u>				
Homeowner Assistance Fund – Utility Assistance Plus (HAP-UAP)	21.026	HAF-UAP 2021		248,868
Subtotal – Homeowner Assistance Fund – 21.026				<u>248,868</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY				<u>2,855,974</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, 2022**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Grant or Program Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS				
<u>DIRECT RECIPIENT:</u>				
Supportive Services for Veteran Families	64.033	14-OH-265-21	\$ 82,836	806,587
Supportive Services for Veteran Families (CARES 2.0) – COVID-19	64.033	14-OH-265-C2	4,340	131,958
Supportive Services for Veteran Families (CARES 3.0) – COVID-19	64.033	14-OH-265-C3	43,497	358,064
Supportive Services for Veteran Families (Shallow Subsidy)	64.033	14-OH-265-SS	-	1,447
Subtotal – VA Supportive Services for Veteran Families Program – 64.033			130,673	1,298,056
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS			130,673	1,298,056
U.S. DEPARTMENT OF ENERGY				
<u>PASSED THROUGH CORPORATION FOR OHIO APPALACHIAN DEVELOPMENT (COAD):</u>				
Weatherization Assistance for Low-Income Persons	81.042	20-133P		10,640
Weatherization Assistance for Low-Income Persons	81.042	21-133P		152,181
Subtotal – Weatherization Assistance for Low-Income Persons – 81.042				162,821
TOTAL U.S. DEPARTMENT OF ENERGY				162,821
U.S. DEPARTMENT OF EDUCATION				
<u>PASSED THROUGH MORGAN COUNTY SCHOOLS:</u>				
Education for Homeless Children and Youth (Emergency Shelter Grants Program)	84.196	2020-2021		1,055
Subtotal – Education for Homeless Children and Youth – 84.196				1,055
TOTAL U.S. DEPARTMENT OF EDUCATION				1,055
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	2021		3,130
Special Programs for the Aging – Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2022		1,171
Subtotal – Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers – 93.044				4,301

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Assistance Listing 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 BUCKEYE HILLS REGIONAL COUNCIL:</u>				
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2020		5,278
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2021		149,579
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2022		57,139
Special Programs for the Aging, Title III, Part C, Nutrition Services – CARES – COVID-19	93.045	2022		7,382
Special Programs for the Aging, Title III, Part C, Nutrition Services – Consolidated Appropriations Act	93.045	N/A		46,343
Subtotal – Special Programs for the Aging, Title III, Part C, Nutrition Services – 93.045				<u>265,721</u>
Nutrition Services Incentive Program (NSIP)	93.053	2021		11,969
Nutrition Services Incentive Program (NSIP)	93.053	2022		2,549
Subtotal – Nutrition Services Incentive Program – 93.053				<u>14,518</u>
Subtotal – Aging Cluster – 93.044, 93.045, 93.053				<u>284,540</u>
<u>PASSED THROUGH OHIO ASSOCIATION OF FOODBANKS:</u>				
Cooperative Agreement to Support Navigators in Federally-Facilitated Exchanges (Affordable Care Act Navigator)	93.332	NAVCA210422-01-00		22,798
Subtotal – Cooperative Agreement to Support Navigators in Federally-Facilitated Exchanges – 93.332				<u>22,798</u>
<u>PASSED THROUGH MORGAN COUNTY DEPARTMENT OF JOB AND FAMILY SERVICES:</u>				
Temporary Assistance for Needy Families (Kinship Navigator)	93.558	2020-2021		21,220
Temporary Assistance for Needy Families (Kinship Navigator)	93.558	2021-2022		13,782
<u>PASSED THROUGH COALITION ON HOMELESSNESS AND HOUSING IN OHIO (COHHIO):</u>				
Temporary Assistance for Needy Families (Housing Now for Homeless Families)	93.558	2020-2021		60,169
Temporary Assistance for Needy Families (Housing Now for Homeless Families)	93.558	2021-2022		76,860
Subtotal – Temporary Assistance for Needy Families – 93.558				<u>172,031</u>
<u>PASSED THROUGH OHIO DEPARTMENT OF DEVELOPMENT:</u>				
Low-Income Home Energy Assistance (Summer Crisis)	93.568	21-HC-247		125,740
Low-Income Home Energy Assistance (Administrative – Operations)	93.568	21-HA-147		151,668
Low-Income Home Energy Assistance (Administrative – Operations)	93.568	HEAP 2022-147		250,670
Low-Income Home Energy Assistance (Winter Crisis)	93.568	22-HE-247		471,277
Low-Income Home Energy Assistance (Low-Income Household Water Assistance Program) (Consolidated Appropriations Act 2021)	93.568	LIHWAP 2021-147		31,739
Subtotal – Ohio Department of Development				<u>1,031,094</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, 2022**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Assistance Listing 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)				
PASSED THROUGH CORPORATION FOR OHIO				
<u>APPALACHIAN DEVELOPMENT (COAD):</u>				
Low-Income Home Energy Assistance (HWAP Enhancement)	93.568	20-HE-133P		72,413
Low-Income Home Energy Assistance (HWAP Enhancement)	93.568	21-HE-133P		143,083
Low-Income Home Energy Assistance (HWAP)	93.568	20-133P		102,646
Low-Income Home Energy Assistance (HWAP)	93.568	21-133P		224,981
Subtotal – COAD				<u>543,123</u>
Subtotal – Low-Income Home Energy Assistance – 93.568				<u>1,574,217</u>
<u>PASSED THROUGH OHIO DEPARTMENT OF DEVELOPMENT:</u>				
Community Services Block Grant	93.569	2021-41		157,237
Community Services Block Grant	93.569	2022-2023-41		68,602
Community Services Block Grant – CARES Act 2020	93.569	CSBG CARES 2020-41		145,506
Subtotal – Community Services Block Grant – 93.569				<u>371,345</u>
<u>PASSED THROUGH OHIO CHILD CARE RESOURCE AND REFERRAL ASSOCIATION (OCCRR):</u>				
Child Care and Development Block Grant – Child Care Stabilization Sub-grant	93.575	N/A		11,850
Subtotal – Child Care and Development Block Grant – 93.575				<u>11,850</u>
Subtotal – CCDF Cluster – 93.575				<u>11,850</u>
<u>DIRECT RECIPIENT:</u>				
Head Start	93.600	05CH010858-03-02		2,641,553
Head Start (CRRSA)	93.600	05HE000682-01-01		31,474
Subtotal – Head Start – 93.600				<u>2,673,027</u>
Subtotal – Head Start Cluster – 93.600				<u>2,673,027</u>
<u>PASSED THROUGH MORGAN COUNTY DEPARTMENT OF JOB AND FAMILY SERVICES:</u>				
Social Services Block Grant (Meals & Homemaker)	93.667	2021		19,449
Social Services Block Grant (Meals & Homemaker)	93.667	2022		3,245
Subtotal – Social Services Block Grant – 93.667				<u>22,694</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>5,132,502</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 130,673</u>	<u>\$ 13,270,873</u>

**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, 2022**

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, 2022. 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 the amounts received from various pass-through and federal funding sources are grouped by Assistance Listing Numbers and the 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 \$130,673 in federal funds to subrecipients under Assistance Listing Number. 64.033.

NOTE 4 – NON-CASH ASSISTANCE

Approximately \$277,583 in non-cash assistance was expended as part of the Head Start program. This amount represented the recipient share of the Head Start program and, accordingly, is not included in the federal expenditures for Head Start on the SEFA. Details of the non-cash assistance 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 (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

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

Identification of Major Programs

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
14.871, 14.879	U.S. Department of Housing and Urban Development: Housing Voucher Cluster
21.023	U.S. Department of the Treasury: Emergency Rental Assistance Program

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

Auditee qualified as low-risk auditee: X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

We noted no findings related to the financial statements which are required to be reported in accordance with GAGAS.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

We noted no findings or questioned, or likely questioned, costs for federal awards for the fiscal year ended March 31, 2022.



**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, 2022, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2022.

Report on 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 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 or significant deficiencies may exist that were not identified.

Report on 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 Community Action Program Corporation of Washington-Morgan Counties, Ohio'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 Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wheeling, West Virginia
December 20, 2022



**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

Opinion on 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 identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Community Action Program Corporation of Washington-Morgan Counties, Ohio and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Community Action Program Corporation of Washington-Morgan Counties, Ohio's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Community Action Program Corporation of Washington-Morgan Counties, Ohio's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Community Action Program Corporation of Washington-Morgan Counties, Ohio's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Community Action Program Corporation of Washington-Morgan Counties, Ohio's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 The Community Action Program Corporation of Washington-Morgan Counties, Ohio's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 20, 2022

**THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO
STATUS OF PRIOR YEAR AUDIT FINDINGS/COMMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

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