

COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.

RAVENNA, OHIO

AUDIT REPORT

JANUARY 31, 2020

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
JANUARY 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Community Action Council of Portage County, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Community Action Council of Portage County, Inc. (a nonprofit organization), which comprise the statement of financial position as of January 31, 2020, 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 Community Action Council of Portage County, Inc. as of January 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, Community Action Council of Portage County, Inc. adopted Financial Accounting Standards Update ("ASU") No. 2017-09 – *Revenue from Contracts with Customers* (Topic 606) and ASU No. 2018-08 – *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Our opinion is not modified with respect to this matter.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020, on our consideration of Community Action Council of Portage County, Inc.'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 Community Action Council of Portage County, Inc.'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 Community Action Council of Portage County, Inc.'s internal control over financial reporting and compliance.

Jew, Poodl, Lilly & Copeland, A. C.

Wheeling, West Virginia
October 14, 2020

COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JANUARY 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 923,838
Grants receivable	139,266
Inventory	11,312
Prepaid expenses	39,165
Total current assets	<u>1,113,581</u>

BUILDING, VEHICLES, AND EQUIPMENT

Land	32,000
Buildings and improvements	380,505
Construction in process	3,000
Vehicles	135,946
Equipment	135,230
Total	<u>686,681</u>
Accumulated depreciation	361,542
Net building, vehicles, and equipment	<u>325,139</u>

TOTAL ASSETS	<u>\$ 1,438,720</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 186,272
Capital lease obligation	3,781
Notes payable	5,020
Deferred revenue	195,474
Accrued vacation	57,002
Accrued payroll and payroll taxes	51,039
Total current liabilities	<u>498,588</u>

LONG-TERM DEBT

Capital lease obligation, net of current	3,181
Notes payable, net of current	29,234
Total liabilities	<u>531,003</u>

NET ASSETS

Without donor restriction	903,197
With donor restriction	4,520
Total net assets	<u>907,717</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,438,720</u>
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The accompanying notes are an integral part of these financial statements.

COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Grant and contract revenue	\$ 3,324,624	\$ -	\$ 3,324,624
Donations	38,510	-	38,510
Program income	26,286	-	26,286
Other income	2,598	-	2,598
Net assets released from restriction:			
Satisfaction of purpose restriction	1,931	(1,931)	-
Total revenues, gains, and other support	<u>3,393,949</u>	<u>(1,931)</u>	<u>3,392,018</u>
EXPENSES			
Program services:			
Energy Efficiency and Housing	1,674,520	-	1,674,520
Utility and Emergency Assistance	947,430	-	947,430
Youth Programs	107,853	-	107,853
Technology Training	32,299	-	32,299
Community Services	310,346	-	310,346
Food Programs	84,882	-	84,882
Total program services	<u>3,157,330</u>	<u>-</u>	<u>3,157,330</u>
Support services:			
Management and general	99,581	-	99,581
Total expenses	<u>3,256,911</u>	<u>-</u>	<u>3,256,911</u>
CHANGE IN NET ASSETS	137,038	(1,931)	135,107
NET ASSETS AT BEGINNING OF YEAR	<u>766,159</u>	<u>6,451</u>	<u>772,610</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 903,197</u></u>	<u><u>\$ 4,520</u></u>	<u><u>\$ 907,717</u></u>

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

COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2020

	Energy Efficiency and Housing	Utility and Emergency Assistance	Youth Programs	Technology Training
Personnel	\$ 533,149	\$ 288,453	\$ 65,749	\$ 11,251
Fringes/benefits	202,741	108,822	23,231	4,535
Contractual services	264,454	1,055	-	-
Professional services	10,010	6,560	822	543
Travel	19,358	5,595	6,114	-
Utilities	8,015	3,360	-	588
Space	12,874	1,680	-	12,253
Office supplies	8,873	5,077	299	360
Consumable supplies	2,394	-	6,633	-
Client assistance	218,280	492,506	-	-
Materials	321,254	-	-	-
Food purchases	-	-	1,934	-
Equipment rental and purchases	37,814	10,269	-	98
Postage and freight	3,745	1,577	8	2
Insurance and bonding	14,181	2,928	1,320	187
Publications and printing	4,792	2,168	-	-
Repairs and maintenance	5,252	329	-	-
Development and recruitment	-	-	-	617
Telephone	4,274	14,121	-	74
Other expenses	2,268	1,329	1,742	1,791
Depreciation	792	1,601	1	-
Total functional expenses	<u>\$ 1,674,520</u>	<u>\$ 947,430</u>	<u>\$ 107,853</u>	<u>\$ 32,299</u>

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

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2020**

	Community Services	Food Programs	Total Program Services	Management and General	Total Expenses
Personnel	\$ 176,586	\$ 20,951	\$ 1,096,139	\$ 20,643	\$ 1,116,782
Fringes/benefits	53,190	4,953	397,472	19,700	417,172
Contractual services	4,264	-	269,773	1,025	270,798
Professional services	2,360	-	20,295	205	20,500
Travel	9,398	81	40,546	2,340	42,886
Utilities	12,286	-	24,249	563	24,812
Space	14,868	-	41,675	7,890	49,565
Office supplies	6,199	439	21,247	2,253	23,500
Consumable supplies	8,805	140	17,972	161	18,133
Client assistance	111	-	710,897	3,414	714,311
Materials	-	-	321,254	-	321,254
Food purchases	-	57,861	59,795	1,400	61,195
Equipment rental and purchases	6,061	-	54,242	289	54,531
Postage and freight	819	-	6,151	168	6,319
Insurance and bonding	2,424	-	21,040	2,854	23,894
Publications and printing	3,310	457	10,727	(3,690)	7,037
Repairs and maintenance	1,593	-	7,174	-	7,174
Development and recruitment	-	-	617	-	617
Telephone	1,779	-	20,248	330	20,578
Other expenses	4,093	-	11,223	24,346	35,569
Depreciation	2,200	-	4,594	15,690	20,284
Total functional expenses	<u>\$ 310,346</u>	<u>\$ 84,882</u>	<u>\$ 3,157,330</u>	<u>\$ 99,581</u>	<u>\$ 3,256,911</u>

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

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 135,107
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:	
Depreciation	20,284
Net change in:	
Grants receivable	68,342
Prepaid expenses	(5,019)
Inventory	2,304
Accounts payable	20,075
Deferred revenue	(356)
Accrued vacation	6,069
Accrued payroll and payroll taxes	6,763
Net cash provided by operating activities	<u>253,569</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(14,500)
Net cash used in investing activities	<u>(14,500)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on loan	(4,773)
Payments on capital lease	(3,598)
Net cash used in financing activities	<u>(8,371)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

230,698

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

693,140

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 923,838

Supplemental Disclosures:

Interest paid	<u>\$ 2,303</u>
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The accompanying notes are an integral part of these financial statements.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Community Action Council of Portage County, Inc. ("CACPC" or "the Agency") is a private not-for-profit organization that was created in February 1965 under the authority of the Economic Opportunity Act. CACPC is charged with developing and operating programs and services that will positively impact the economically disadvantaged residents of Portage County. CACPC provides education and literacy services, emergency assistance, energy efficiency and housing services, workforce development, and youth services.

Basis of Presentation

The financial statements of CACPC have been prepared in conformity with accounting principles generally accepted in the United States of America. The more significant of these policies and practices are summarized below.

Change in Accounting Principles

The Agency implemented Accounting Standards Update ("ASU") No. 2017-09 – *Revenue from Contracts with Customers* (Topic 606), as amended, as management believes the standard improves the usefulness and understandability of CACPC's financial reporting.

The Agency also adopted ASU No. 2018-08 – *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), as management believes the standard improves the usefulness and understandability of CACPC's financial reporting.

Analysis of various provisions of the standards resulted in no significant changes in the way CACPC recognizes revenue, and, therefore, no changes to the previously issued audited financial statements were required on a retrospective basis.

Classification of Net Assets

The Agency 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 donor as follows.

Net Assets without Donor Restriction – Net assets without donor restriction are resources 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 for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into during the course of its operations.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2020**

NOTE 1 – 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.

The Agency's unspent contributions are included in this class, if the donor 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 passing 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. Net assets restricted for acquisition of buildings or equipment (or, less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Agency, unless the donor provides more specific directions about the period of its use. When assets are placed in service during the same period the funds are received, the contribution is recorded as without donor restriction, since the restriction was met.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restriction in the statement of activities, unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restriction.

Revenue Recognition – The Agency's primary sources of revenue are from grants and contracts from government agencies, and from contributions from the general public. The following accounting policies have been adopted:

- a. Fees for services provided are recognized as revenue at the time the services are performed or when the revenue cycle is complete.
- b. Contributions from the general public are recognized as revenue when an unconditional promise to give is received.
- c. Grants/contributions are recognized as revenue based upon the type of restriction placed by the grantor/donor. All grants and contributions are reported as increases in net assets without donor restriction, unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods, or for specific purposes, are reported as increases in net assets with donor restriction.
- d. Revenue is recognized on grants and contracts that are funded on a cost-reimbursement basis at the time that related grant expenses are incurred and other terms of the agreement are completed.
- e. The Agency 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.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses

Amounts due for goods, services, and materials are recorded as expenditures when incurred.

Use of Estimates

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

Tax Status and Positions

The Community Action Council of Portage County, Inc. 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.

CACPC has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. CACPC 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 CACPC's financial position, activities, and changes in net assets or cash flows. Accordingly, the Agency has not recorded any reserves, or related accruals, for interest and penalties for uncertain tax positions as of January 31, 2020.

CACPC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Agency believes it is no longer subject to income tax examinations for years prior to 2017.

Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and the amounts on deposit that can be withdrawn on demand or will mature within 90 days.

Concentration of Credit Risk

CACPC maintains cash balances at several financial institutions. Accounts with those institutions are insured by the Federal Deposit Insurance Corporation, up to \$250,000. Any deposit amount not covered by the insurance is covered by pledged securities to secure public funds. As of January 31, 2020, deposits of approximately \$631,671 were uninsured.

Fixed Assets and Depreciation

CACPC follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Depreciation is computed on the straight-line basis over the useful lives of the assets, generally, as follows:

Vehicles and office equipment	5 years
Tools and equipment	10 years

Depreciation expense of \$20,284 has been recorded for the year ending January 31, 2020.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The building, vehicles, and equipment acquired with grant funds are owned by CACPC while they are used in the program for which they were purchased, or to be used in other future authorized programs. The funding sources, however, have a reversionary interest in the assets purchased with grant funds; therefore, its disposition, as well as the ownership of any sale proceeds therefrom, are subject to funding source regulations. Assets purchased with grant funds are shown as expenses in the program reports to funding sources. For financial reporting purposes, these amounts have been capitalized and reported on the statement of financial position.

Compensated Absences Policy

Full-time employees accrue vacation time each pay period based on the number of years the employee has worked at CACPC. Sick pay is earned each pay period. Unused earned sick pay hours are forfeited and not paid to the employee at termination.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services based on the benefits received.

Inventory

Inventory consists of items used for client assistance in Home Energy programs operated by CACPC. They are stated at the lower of cost (first-in, first-out basis) or at net realizable value.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following reflects the Agency's financial assets as of January 31, 2020, reduced by amounts not available for general use within one year from the statement of financial position date because of donor-imposed restrictions:

Cash and cash equivalents	\$ 923,838
Grants receivable	<u>139,266</u>
	1,063,104
Financial assets held to meet donor-imposed restriction:	
Purpose-restricted net assets (Note 9)	(4,520)
Grant funds received in advance	<u>(195,474)</u>
Amount available for general expenditures within one year	<u>\$ 863,110</u>

The Agency is substantially 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 expenses are incurred. As a part of its liquidity management, the Agency has a policy to structure its financial assets to be available once its general expenditures, liabilities, and other obligations come due. As discussed in Note 8, a \$100,000 line of credit is available to fund short-term cash needs. The entire amount of the line of credit was available as of January 31, 2020.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2020**

NOTE 3 – COMPENSATED ABSENCES

CACPC has an accrued liability for accumulated vacation time of \$57,002 as of January 31, 2020. The related expenses and liability are recorded when earned and have been included in these financial statements as a component of the payroll expense. The expense and liability are charged to the appropriate fund and program, according to the hours worked by each employee.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Operating Leases

CACPC leases certain facilities and equipment under operating leases. None of the lease terms exceed one year. Rental expense recognized under the above leases for the year ended January 31, 2020, was \$25,839.

Grant Contingencies

CACPC receives the majority of its revenues from government grants, most of which are subject to review by the respective grantor agency. The ultimate determination of amounts received under these programs is generally based upon allowable costs reported to and reviewed by the state or federal government. Until such reviews have been completed and a final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such reviews.

NOTE 5 – DEFINED CONTRIBUTION PLAN

Community Action Council of Portage County, Inc. maintains a defined contribution plan for its full-time employees. Employee contributions to the retirement plan will be matched, up to 3 percent of the employee's gross earnings. Defined contribution plan expense was \$27,483 for the year ended January 31, 2020.

NOTE 6 – ECONOMIC DEPENDENCY

CACPC received approximately 98 percent of its funding directly or indirectly from state, local, and federal governmental agencies. The future of CACPC is dependent upon the continuance of this funding and the availability of similar funds in the future.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2020**

NOTE 7 – DEFERRED REVENUE

Deferred revenue is comprised of amounts received from funding sources for the following sponsored programs and was not expended as of January 31, 2020:

HEAP Administrative	\$ 30,477
HEAP Emergency	43,227
Home Weatherization Assistance – HHS	67,647
Home Weatherization Assistance – DOE	12,094
Home Weatherization Assistance – Enhancement	32,610
Housing Assistance Program	<u>9,419</u>
 Total	 <u><u>\$ 195,474</u></u>

NOTE 8 – CREDIT FACILITIES

The building that houses the Agency's administrative offices is pledged for a mortgage loan. The loan is payable in monthly installments of \$553.37 through January 6, 2026. The loan bears interest at an annual rate of 5 percent. The loan is secured by the property and all improvements. The outstanding balance on the loan as of January 31, 2020, was \$34,254.

Scheduled maturities of the notes payable are as follows for each of the 5 years following January 31, 2020:

2021	\$ 5,020
2022	5,277
2023	5,547
2024	5,831
2025	6,129
Thereafter	6,450

In October 2016, CACPC entered into a lease agreement for a copier that is accounted for as a capital lease. The asset was recorded at a cost of \$17,808, based on the discounted value of the lease payments using an implied interest rate of 5 percent. Minimum future payments under this capital lease are as follows for the years ending January 31:

2021	\$ 4,033
2022	<u>3,023</u>
Total minimum lease payments	7,056
Interest	<u>(94)</u>
 Present value of net minimum lease payment	 <u><u>\$ 6,962</u></u>

CACPC also has an available line of credit with a regional bank. The amount of the credit line is \$100,000. The applicable interest rate is based on the prime rate plus 1.5 percent, or 6.25 percent, as of January 31, 2020. There was no outstanding balance on the line as of January 31, 2020. The line of credit is subject to an annual review by the bank. The next review date is August 2020. The line is secured by, substantially, all of the Agency's assets, with the exception of buildings and vehicles.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2020**

NOTE 9 – NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are available for the following purposes as of January 31, 2020:

21 st Century Learning Program	\$ 677
Portage County College Access Network	<u>3,843</u>
Total	<u>\$ 4,520</u>

NOTE 10 – SUBSEQUENT EVENTS

Subsequent to fiscal year-end, CACPC purchased vacant land on June 11, 2020, at Cleveland Rd., Ravenna, OH. This land was purchased in the amount of \$89,874, which was paid using corporate funds without donor restriction. This event will impact the financial results for the fiscal year ending 2021.

Subsequent to fiscal year-end, the World Health Organization declared the spread of the Coronavirus ("COVID-19") as a worldwide pandemic. COVID-19 is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Agency, COVID-19 may impact various parts of its 2020 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 CACPC is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of October 14, 2020.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JANUARY 31, 2020**

<u>Federal Grantor/Pass-Through Agency/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<u>Passed through Portage County United Way:</u>			
Emergency Food & Shelter Program (EFSP: Phase 36)	97.024	6842-00 Phase 36	18,295
Subtotal - Emergency Food & Shelter National Board Program			18,295
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			18,295
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed through Ohio Development Services Agency:</u>			
Community Services Block Grant	93.569	1819-47	\$ 316,103
Community Services Block Grant	93.569	2021-47	29,518
Subtotal - Community Service Block Grant			345,621
Low-Income Home Energy Assistance:			
Administration	93.568	19-HA-141	241,265
Administration	93.568	20-HA-141	172,744
Summer Cooling	93.568	19-HC-241	42,799
Winter Crisis	93.568	19-HE-241	134,466
Winter Crisis	93.568	20-HE-241	228,778
Subtotal - Low-Income Home Energy Assistance			820,052
Home Weatherization Assistance Program	93.568	18-128	406,351
Home Weatherization Assistance Program	93.568	19-128	199,058
Home Weatherization Assistance Program	93.568	18-HE-128	30,087
Home Weatherization Assistance Program	93.568	19-HE-129	133,111
Subtotal - Home Weatherization Assistance Program			768,607
Subtotal - Low-Income Home Energy Assistance			1,588,659
<u>Passed through Portage County Department of Job and Family Services:</u>			
Temporary Assistance for Needy Families:			
PRC Utilities 2018-2019	93.558	20190143	68,552
PRC Utilities 2019-2020	93.558	20190461	24,308
PRC Home Repair 2018-2019	93.558	20190149	8,832
PRC Home Repair 2019-2020	93.558	20200233	5,286
Subtotal - TANF Cluster			106,978
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,041,258

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2020**

<u>Federal Grantor/Pass-Through Agency/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Passed through Ohio Department of Education:</u>			
WSD 21st Century Community Learning 2018-2019	84.287	IRN: 118083 7156	<u>96,777</u>
Subtotal - WSD 21st Century Community Learning Centers			<u>96,777</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>96,777</u>
U.S. DEPARTMENT OF ENERGY			
<u>Passed through Ohio Development Services Agency:</u>			
Weatherization Assistance Program	81.042	18-128	58,656
Weatherization Assistance Program	81.042	19-128	<u>386,367</u>
Subtotal - Weatherization Assistance for Low-Income Persons			<u>445,023</u>
TOTAL U.S. DEPARTMENT OF ENERGY			<u>445,023</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<u>Passed through City of Kent:</u>			
Community Development Block Grants/Entitlement Grants:			
Kent CDBG Furnace Program	14.218	2016-03	5,425
Kent CDBG Furnace Program	14.218	2017-000000709	19,899
Kent CDBG Furnace Program	14.218	2018-000000709	<u>15,607</u>
Subtotal - CDBG Entitlement Grants Cluster			<u>40,931</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>40,931</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed through Ohio Department of Education:</u>			
Summer Food Service Program for Children	10.559	IRN 118083 FY 2019	<u>84,906</u>
Subtotal - Child Nutrition Cluster			<u>84,906</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>84,906</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 2,727,190</u></u>

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JANUARY 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES

- A. The accompanying schedule of expenditures of federal awards includes the federal award activity of CACPC under programs of the federal government for the year ended January 31, 2020. The information in this schedule is presented in accordance with the 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"). Because the schedule presents only a selected portion of the operations of CACPC, it is not intended to, and does not present the financial position, changes in net assets, or cash flows of CACPC.
- B. Capital Assets – The schedule was prepared on the same basis of accounting as the financial statements, except that capital assets purchased with grant funds are included as expenses in accordance with grant requirements.

NOTE 2 – INDIRECT COST RATE

Community Action Council of Portage County, Inc. did not elect to use the 10 percent de minimus indirect cost rate.

NOTE 3 – ADDITIONAL FEDERAL GRANT/EXPENDITURES INFORMATION

Subrecipients – CACPC had no subrecipients for the year ended January 31, 2020.



**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
Community Action Council of Portage County, Inc.

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 Community Action Council of Portage County, Inc. (a nonprofit organization), which comprise the statement of financial position as of January 31, 2020, 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 October 14, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action Council of Portage County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action Council of Portage County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Council of Portage County, Inc.'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 Community Action Council of Portage County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Wheeling, West Virginia
October 14, 2020



**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
Community Action Council of Portage County, Inc.

Report on Compliance for Each Major Federal Program

We have audited Community Action Council of Portage County, Inc.'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 Community Action Council of Portage County, Inc.'s major federal programs for the year ended January 31, 2020. Community Action Council of Portage County, Inc.'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 Community Action Council of Portage County, Inc.'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 Community Action Council of Portage County, Inc.'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 Community Action Council of Portage County, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Action Council of Portage County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended January 31, 2020.

Report on Internal Control over Compliance

Management of Community Action Council of Portage County, Inc. 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 Community Action Council of Portage County, Inc.'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 Community Action Council of Portage County, Inc.'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.

Zur, Puckel, Lill & Co., C. S.

Wheeling, West Virginia
October 14, 2020

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JANUARY 31, 2020**

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

FEDERAL AWARDS

Internal Control Over Major Programs

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Type of auditor's report on compliance for major programs: **Unmodified**

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance? ☐ Yes ☒ No

IDENTIFICATION OF MAJOR PROGRAMS

CFDA Number

Name of Federal Program

U.S. Department of Health and Human Services:

93.568

Low-Income Home Energy Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: ☒ Yes ☐ No

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2020**

SECTION 2 – FINANCIAL STATEMENT FINDINGS

Financial Statement Findings in Accordance with GAGAS

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

SECTION 3 – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

We noted no findings or questioned, or likely questioned, costs for federal awards for the year ended January 31, 2020.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
STATUS OF PRIOR YEAR AUDIT FINDINGS/COMMENTS
FOR THE YEAR ENDED JANUARY 31, 2020**

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