

COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.

RAVENNA, OHIO

AUDIT REPORT

JANUARY 31, 2017

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
JANUARY 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

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

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 statements of financial position as of January 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the balance of unrestricted net assets as of the beginning of 2016 has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2017, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action Council of Portage County, Inc.'s internal control over financial reporting and compliance.

Zero, Poth, Lilly + Copeland, A.C.

Wheeling, West Virginia
October 16, 2017

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION**

	January 31,	
ASSETS	2017	2016
CURRENT ASSETS		
Cash	\$ 620,782	\$ 622,432
Grants receivable	300,120	194,496
Inventory	13,642	10,654
Prepaid expenses	38,230	15,734
Total current assets	972,774	843,316
BUILDING, VEHICLES, AND EQUIPMENT		
Land	32,000	32,000
Buildings and improvements	366,585	309,667
Vehicles	146,697	276,324
Equipment	205,202	230,654
Total	750,484	848,645
Accumulated depreciation	383,833	533,891
Net building, vehicles, and equipment	366,651	314,754
TOTAL ASSETS	\$ 1,339,425	\$ 1,158,070
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 136,793	\$ 119,085
Capital lease obligation	3,256	-
Notes payable	4,322	4,112
Deferred revenue	458,512	415,773
Accrued vacation	42,469	42,555
Accrued payroll and payroll taxes	61,071	50,384
Other liabilities	3,678	8,186
Total current liabilities	710,101	640,095
LONG-TERM DEBT		
Capital lease obligation, net of current	13,982	-
Notes payable, net of current	43,555	47,888
Total liabilities	767,638	687,983
NET ASSETS - UNRESTRICTED	571,787	470,087
TOTAL LIABILITIES AND NET ASSETS	\$ 1,339,425	\$ 1,158,070

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

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
STATEMENTS OF ACTIVITIES**

	Unrestricted	
	Year Ended January 31,	
	2017	2016
REVENUES, GAINS AND OTHER SUPPORT		
Grant and contract revenue	\$ 3,001,657	\$ 3,149,693
Donations	20,570	2,378
Program income	47,790	33,937
Other income	6,617	8,512
Total revenues, gains, and other support	3,076,634	3,194,520
EXPENSES		
Program services:		
Energy Efficiency and Housing	1,424,169	1,706,155
Utility and Emergency Assistance	853,207	794,687
Youth Programs	271,114	229,160
Technology Training	67,646	53,158
Community Services	185,430	193,447
Food Programs	77,611	69,411
Total program services	2,879,177	3,046,018
Support services:		
Management and general	95,757	105,414
Total expenses	2,974,934	3,151,432
CHANGE IN NET ASSETS	101,700	43,088
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	470,087	426,999
NET ASSETS AT END OF YEAR	\$ 571,787	\$ 470,087

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

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2017**

	Energy Efficiency and Housing	Utility and Emergency Assistance	Youth Programs	Technology Training
Personnel	\$ 469,885	\$ 222,762	\$ 159,100	\$ 34,481
Fringes/benefits	170,133	75,771	41,951	13,728
Contractual services	160,178	268	8,000	-
Professional services	74,682	5,944	11,103	261
Travel	10,362	1,644	23,738	-
Utilities	7,340	3,058	-	694
Space	7,611	2,458	42	12,279
Office supplies	5,657	3,339	240	519
Consumable supplies	3,376	-	11,315	-
Client assistance	215,392	482,157	-	-
Client assistance	256,104	-	-	-
Materials	107	-	-	-
Food purchases	12,450	-	1,813	-
Equipment rental and purchases	2,899	46,284	669	177
Postage and freight	4,615	1,149	410	2
Insurance and bonding	4,040	1,251	68	389
Publications and printing	9,004	1,710	622	52
Repairs and maintenance	-	21	-	-
Development and recruitment	-	-	7,949	2,892
Telephone	6,308	3,509	497	2,172
Other expenses	4,026	1,882	3,597	-
Interest	-	-	-	-
Depreciation	-	-	-	-
Total functional expenses	<u>\$ 1,424,169</u>	<u>\$ 853,207</u>	<u>\$ 271,114</u>	<u>\$ 67,646</u>

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

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2017**

	Community Services	Food Programs	Total Program Services	Management and General	Total Expenses
Personnel	\$ 104,360	\$ 22,847	\$ 1,013,435	\$ 26,827	\$ 1,040,262
Fringes/benefits	36,702	3,357	341,642	10,680	352,322
Contractual services	125	-	168,571	54	168,625
Professional services	-	451	92,441	2,353	94,794
Travel	1,376	391	37,511	2,065	39,576
Utilities	7,186	-	18,278	612	18,890
Space	17,166	-	39,556	1,400	40,956
Office supplies	2,556	1,295	13,606	422	14,028
Consumable supplies	18	835	15,544	1,055	16,599
Client assistance	286	-	697,835	1,606	699,441
Materials	-	-	256,104	(7)	256,097
Food purchases	315	47,601	49,836	168	50,004
Equipment rental and purchases	3,629	-	63,209	1,883	65,092
Postage and freight	769	-	5,229	750	5,979
Insurance and bonding	994	687	8,004	2,485	10,489
Publications and printing	1,551	-	7,975	860	8,835
Repairs and maintenance	-	-	9,025	44	9,069
Development and recruitment	-	-	10,841	360	11,201
Telephone	5,862	100	18,448	673	19,121
Other expenses	2,535	47	12,087	12,552	24,639
Interest	-	-	-	5,255	5,255
Depreciation	-	-	-	23,660	23,660
Total functional expenses	\$ 185,430	\$ 77,611	\$ 2,879,177	\$ 95,757	\$ 2,974,934

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

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2016**

	<u>Energy Efficiency and Housing</u>	<u>Utility and Emergency Assistance</u>	<u>Youth Programs</u>	<u>Technology Training</u>
Personnel	\$ 450,662	\$ 187,412	\$ 138,738	\$ 15,889
Fringes/benefits	175,632	66,843	39,620	6,746
Contractual services	199,989	-	6,000	-
Professional services	89,984	5,499	1,129	452
Travel	12,442	458	12,914	63
Utilities	8,342	3,456	-	748
Space	10,274	3,207	-	12,253
Office supplies	5,975	2,395	(259)	1,097
Consumable supplies	1,269	-	15,401	-
Client assistance	360,699	495,231	-	-
Materials	330,711	-	-	-
Food purchases	-	-	1,322	-
Equipment rental and purchases	17,699	16,897	2,022	1,973
Postage and freight	3,277	1,636	306	29
Insurance and bonding	17,387	3,382	1,032	650
Publications and printing	4,645	2,097	531	-
Repairs and maintenance	2,109	158	-	-
Development and recruitment	165	-	9,160	1,045
Telephone	9,115	5,004	560	2,587
Other expenses	5,779	1,012	684	9,626
Depreciation	-	-	-	-
Total functional expenses	\$ 1,706,155	\$ 794,687	\$ 229,160	\$ 53,158

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

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2016**

	Community Services	Food Programs	Total Program Services	Management and General	Total Expenses
Personnel	\$ 106,760	\$ 18,306	\$ 917,767	\$ 37,453	\$ 955,220
Fringes/benefits	42,911	3,053	334,805	15,539	350,344
Contractual services	-	-	205,989	1,537	207,526
Professional services	-	338	97,402	258	97,660
Travel	2,907	234	29,018	3,186	32,204
Utilities	9,201	-	21,747	694	22,441
Space	17,816	-	43,550	1,252	44,802
Office supplies	1,480	1,185	11,873	1,281	13,154
Consumable supplies	-	-	16,670	-	16,670
Client assistance	258	-	856,188	7,763	863,951
Materials	-	-	330,711	21	330,732
Food purchases	-	45,882	47,204	1,326	48,530
Equipment rental and purchases	3,240	-	41,831	2,870	44,701
Postage and freight	1,310	-	6,558	193	6,751
Insurance and bonding	1,289	313	24,053	1,850	25,903
Publications and printing	1,138	-	8,411	354	8,765
Repairs and maintenance	-	-	2,267	-	2,267
Development and recruitment	-	-	10,370	-	10,370
Telephone	4,850	100	22,216	745	22,961
Other expenses	287	-	17,388	7,138	24,526
Depreciation	-	-	-	21,954	21,954
Total functional expenses	\$ 193,447	\$ 69,411	\$ 3,046,018	\$ 105,414	\$ 3,151,432

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

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
STATEMENTS OF CASH FLOWS**

	<u>Year Ended January 31, 2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 101,700	\$ 43,088
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Depreciation	23,660	21,954
Loss on disposal of equipment	1,885	-
Net change in:		
Grants receivable	(105,624)	(18,588)
Prepaid expenses	(22,496)	7,897
Inventory	(2,988)	4,782
Accounts payable	17,708	21,822
Deferred revenue	42,739	(121,724)
Accrued vacation liability	(86)	2,491
Accrued payroll and payroll taxes	10,687	21,413
Other liabilities	(4,508)	(4,980)
Net cash provided by (used in) operating activities	<u>62,677</u>	<u>(21,845)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(59,634)	(49,690)
Net cash used in investing activities	<u>(59,634)</u>	<u>(49,690)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on loan	(4,123)	-
Payments on capital lease	(570)	-
Loan proceeds	-	52,000
Net cash provided by (used in) financing activities	<u>(4,693)</u>	<u>52,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,650)	(19,535)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>622,432</u>	<u>641,967</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 620,782</u>	<u>\$ 622,432</u>
Supplemental Disclosures:		
Interest paid	<u>\$ 5,255</u>	<u>\$ -</u>
Noncash investing and financing activities:		
Acquisition of equipment through capital lease	<u>\$ 17,808</u>	<u>\$ -</u>

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 YEARS ENDED JANUARY 31, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Community Action Council of Portage County, Inc. ("CACPC") 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:

Account Classification

Revenue and expenditure information is maintained separately by project for grants funded to CACPC as required by the various funding sources.

Revenue Recognition

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

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

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.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, CACPC has not recorded any reserves, or related accruals, for interest and penalties for uncertain tax positions at January 31, 2017.

CACPC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. CACPC believes it is no longer subject to income tax examinations for years prior to 2014.

Cash Flows

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

Concentration of Credit Risk

The 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.

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

Net fixed assets have been recorded as a separate component of unrestricted net assets. Depreciation expense of \$23,660 and \$21,954 has been recorded for the years ending January 31, 2017 and 2016, respectively.

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 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 statements of financial position.

Net Assets

CACPC's net assets consist of unrestricted net assets that represent amounts that are not restricted by donor-imposed stipulations.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 benefited.

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 net realizable value.

Reclassifications

Prior period financial statements have been reclassified to conform to current period presentation.

NOTE 2 - COMPENSATED ABSENCES

CACPC has an accrued liability for accumulated vacation time of \$42,469 and \$42,555 at January 31, 2017 and 2016, respectively. 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 3 - COMMITMENTS AND CONTINGENCIES

Operating Leases

CACPC leases certain facilities and equipment under operating leases. None of the lease terms exceed one year. The lease for CACPC's administrative office was terminated when the facility was purchased in January 2016. Rental expense under the above leases recognized in the statements of activities for the years ended January 31, 2017 and 2016, were \$26,480 and \$38,426, respectively.

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 generally is based upon allowable costs reported to and reviewed by the state or federal government. Until such reviews have been completed and 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.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016**

NOTE 4 - 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 \$22,321 and \$20,901 for the years ended January 31, 2017 and 2016, respectively.

NOTE 5 - ECONOMIC DEPENDENCY

CACPC received approximately 94 percent and 99 percent of its funding directly or indirectly from state, local, and federal governmental agencies for the years ended January 31, 2017 and 2016, respectively. The future of CACPC is dependent on the existence of the present and future funding of the governmental grants used to provide benefits and reduce hardship of the lower income persons of the Portage County, Ohio region.

NOTE 6 - DEFERRED REVENUE

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

	<u>2017</u>	<u>2016</u>
HEAP Administrative	\$ 62,271	\$ 55,378
HEAP Emergency	123,280	98,724
Home Weatherization Assistance – HHS	128,661	121,411
Home Weatherization Assistance – DOE	33,694	29,489
Electric Partnership Program	32,804	39,536
Housing Assistance Program	24,436	-
Community Services Block Grant	24,018	16,853
Miscellaneous other grants	<u>29,348</u>	<u>54,382</u>
Total	<u>\$ 458,512</u>	<u>\$ 415,773</u>

NOTE 7 - CREDIT FACILITIES

CACPC has a line-of-credit available from a local financial institution with a borrowing limit of \$100,000. Borrowings are subject to a variable annual interest rate of prime plus 1.5 percent and outstanding balances are due on demand. There was no outstanding balance at January 31, 2017 and 2016.

On January 6, 2016, CACPC obtained a mortgage loan for the purpose of purchasing the building that houses its administrative offices. The loan is payable in monthly installments of \$551.54 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 at January 31, 2017, was \$47,877.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016**

NOTE 7 - CREDIT FACILITIES (CONTINUED)

Scheduled maturities of the notes payable are as follows for each of the 5 years following January 31, 2017:

2018	\$ 4,322
2019	4,543
2020	4,776
2021	5,020
2022	5,277
Thereafter	23,939

In October 2016, CACPC entered into a lease agreement for a copier that is accounted for as a capital lease. The asset was recorded on the books 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:

2018	\$ 4,033
2019	4,033
2020	4,033
2021	4,033
2022	<u>3,024</u>
Total minimum lease payments	19,156
Amount representing interest	<u>(1,918)</u>
Present value of net minimum lease payment	<u>\$ 17,238</u>

NOTE 8 – PRIOR PERIOD ADJUSTMENT

CACPC evaluated its fixed assets during the year and determined that property donated to CACPC in a prior period had not been recorded as an asset. An adjustment was made to increase fixed assets, net of accumulated depreciation and unrestricted net assets as of February 1, 2015, in the amount of \$125,381. The effect on previously reported unrestricted net assets follows:

Unrestricted net assets January 31, 2015, as originally reported	\$ 301,618
Prior period adjustment	<u>125,381</u>
Unrestricted net assets January 31, 2015, as restated	<u>\$ 426,999</u>

NOTE 9 - SUBSEQUENT EVENTS

Management of CACPC assessed events occurring subsequent to January 31, 2017, through October 16, 2017, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to, or disclosure in, the financial statements which were available to be issued October 16, 2017.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JANUARY 31, 2017**

<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 HEALTH AND HUMAN SERVICES			
<u>Passed through Ohio Development Services Agency:</u>			
Community Services Block Grant 16-17	93.569	1617-47	\$ 263,446
Subtotal Community Services Block Grant			<u>263,446</u>
Low-Income Home Energy Assistance:			
Administration 15-16	93.568	16-HA-141	302,300
Administration 16-17	93.568	17-HA-141	138,720
Summer Cooling 16	93.568	16-HC-241	46,656
Winter Crisis 15-16	93.568	16-HE-241	398,263
Winter Crisis 16-17	93.568	17-HE-241	246,720
Subtotal Low-Income Home Energy Assistance			<u>1,132,659</u>
Home Weatherization Assistance Program	93.568	15-128	621,957
Home Weatherization Assistance Program	93.568	16-128	243,168
Subtotal Home Weatherization Assistance Program			<u>865,125</u>
<u>Passed through Portage County Department of Job and Family Services:</u>			
Temporary Assistance for Needy Families:			
PRC Utilities 2015-2016	93.558	20150374	84,844
PRC Utilities 2016-2017	93.558	20160413	22,137
PRC Home Repair 2015-2016	93.558	20150376	2,860
PRC Home Repair 2016-2017	93.558	20160415	2,600
Subtotal Temporary Assistance for Needy Families			<u>112,441</u>
<u>Passed through Ohio Association of Community Action Agencies:</u>			
OACAA/GOFBCI TANF Project 2016-2017	93.558	G-1617-21-0482	7,622
Subtotal OACAA/GOFBCI TANF Project			<u>7,622</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,381,293</u>
U. S. DEPARTMENT OF EDUCATION			
<u>Passed through Ohio Department of Education:</u>			
RSD 21st Century Community Learning 2015-2016	84.287	7156	200,000
RSD 21st Century Community Learning 2016-2017	84.287	7156	76,435
WSD 21st Century Community Learning 2016-2017	84.287	IRN: 118083 9869	79,638
Subtotal 21st Century Community Learning			<u>356,073</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>356,073</u>

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2017**

<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 ENERGY			
<u>Passed through Ohio Development Services Agency:</u>			
Weatherization Assistance Program	81.042	15-128	300,863
Weatherization Assistance Program	81.042	16-128	268,147
Subtotal Weatherization Assistance Program			<u>569,010</u>
TOTAL U. S. DEPARTMENT OF ENERGY			<u>569,010</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	2015-03	35,000
Kent CDBG Furnace Program	14.218	2016-03	4,791
Subtotal Community Development Block Grants/Entitlement Grants			<u>39,791</u>
<u>Passed through Portage County:</u>			
Community Development Block Grants/State's Program	14.228	None	40,000
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>79,791</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 2016	64,137
Subtotal Summer Food Service Program for Children			<u>64,137</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>64,137</u>
U. S. DEPARTMENT OF HOMELAND SECURITY			
<u>Passed through Portage County United Way:</u>			
Emergency Food & Shelter Program (EFSP: Phase 33)	97.024	6842-00 Phase 33	14,614
Subtotal Emergency Food & Shelter Program			<u>14,614</u>
TOTAL U. S. DEPARTMENT OF HOMELAND SECURITY			<u>14,614</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u><u>\$ 3,464,918</u></u>

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JANUARY 31, 2017**

1. 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, 2017. 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.
2. CACPC had no subrecipients for the year ended January 31, 2017.
3. The schedule was prepared on the same basis of accounting as the financial statements, except capital assets purchased with grant monies are included as expenses in accordance with grant requirements.
4. Total expenditures under CFDA No. 93.568 were \$1,997,784.
Total expenditures under CFDA No. 93.558 were \$120,063.
5. Community Action Council of Portage County, Inc. did not elect to use the 10 percent de minimus indirect cost rate.



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

To the Board of Trustees of
Community Action Council of Portage County, Inc.
Ravenna, 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 Community Action Council of Portage County, Inc. (a nonprofit organization), which comprise the statements of financial position as of January 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 16, 2017.

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.

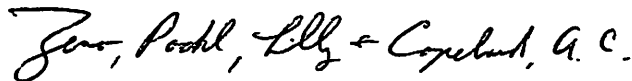
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 CACPC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CACPC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wheeling, West Virginia
October 16, 2017



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

The Board of Directors
Community Action Council of Portage County, Inc.
Ravenna, Ohio

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, 2017. 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, 2017.

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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Wheeling, West Virginia
October 16, 2017

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2017**

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, 2017.