

COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.

RAVENNA, OHIO

AUDIT REPORT

JANUARY 31, 2018

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
JANUARY 31, 2018**

TABLE OF CONTENTS

| | <u>Page Number</u> |
|---|------------------------|
| INDEPENDENT AUDITOR'S REPORT | 3 - 4 |
| FINANCIAL STATEMENTS | |
| Statements of Financial Position | 5 |
| Statements of Activities | 6 |
| Statements of Functional Expenses | 7 - 10 |
| Statements of Cash Flows | 11 |
| Notes to the Financial Statements | 12 - 16 |
| Schedule of Expenditures of Federal Awards | 17 - 18 |
| Notes to the Schedule of Expenditures of Federal Awards | 19 |
| INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 20 - 21 |
| INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE | 22 - 23 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 24 - 25 |



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, 2018 and 2017, 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, 2018 and 2017, 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.

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 19, 2018, 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 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.

Jean, Pohl, Lilly & Co., A.C.

Wheeling, West Virginia
October 19, 2018

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

| | January 31, | |
|--|---------------------|---------------------|
| ASSETS | 2018 | 2017 |
| CURRENT ASSETS | | |
| Cash | \$ 758,622 | \$ 620,782 |
| Grants receivable | 261,472 | 300,120 |
| Inventory | 13,762 | 13,642 |
| Prepaid expenses | 27,413 | 38,230 |
| Total current assets | 1,061,269 | 972,774 |
| BUILDING, VEHICLES, AND EQUIPMENT | | |
| Land | 32,000 | 32,000 |
| Buildings and improvements | 369,005 | 366,585 |
| Vehicles | 135,946 | 146,697 |
| Equipment | 148,312 | 205,202 |
| Total | 685,263 | 750,484 |
| Accumulated depreciation | 340,231 | 383,833 |
| Net building, vehicles, and equipment | 345,032 | 366,651 |
| TOTAL ASSETS | \$ 1,406,301 | \$ 1,339,425 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 159,690 | \$ 136,793 |
| Capital lease obligation | 3,256 | 3,256 |
| Notes payable | 4,543 | 4,322 |
| Deferred revenue | 426,326 | 458,512 |
| Accrued vacation | 49,832 | 42,469 |
| Accrued payroll and payroll taxes | 73,372 | 61,071 |
| Other liabilities | 101 | 3,678 |
| Total current liabilities | 717,120 | 710,101 |
| LONG-TERM DEBT | | |
| Capital lease obligation, net of current | 10,727 | 13,982 |
| Notes payable, net of current | 39,021 | 43,555 |
| Total liabilities | 766,868 | 767,638 |
| NET ASSETS - UNRESTRICTED | 639,433 | 571,787 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,406,301 | \$ 1,339,425 |

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, | |
| | 2018 | 2017 |
| REVENUES, GAINS AND OTHER SUPPORT | | |
| Grant and contract revenue | \$ 3,343,286 | \$ 3,001,657 |
| Donations | 6,794 | 20,570 |
| Program income | 22,680 | 47,790 |
| Other income | 1,988 | 6,617 |
| Total revenues, gains, and other support | 3,374,748 | 3,076,634 |
| EXPENSES | | |
| Program services: | | |
| Energy Efficiency and Housing | 1,590,017 | 1,424,169 |
| Utility and Emergency Assistance | 863,307 | 853,207 |
| Youth Programs | 318,935 | 271,114 |
| Technology Training | 32,139 | 67,646 |
| Community Services | 308,245 | 185,430 |
| Food Programs | 93,542 | 77,611 |
| Total program services | 3,206,185 | 2,879,177 |
| Support services: | | |
| Management and general | 100,917 | 95,757 |
| Total expenses | 3,307,102 | 2,974,934 |
| CHANGE IN NET ASSETS | 67,646 | 101,700 |
| NET ASSETS AT BEGINNING OF YEAR | 571,787 | 470,087 |
| NET ASSETS AT END OF YEAR | \$ 639,433 | \$ 571,787 |

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, 2018**

| | Energy Efficiency and Housing | Utility and Emergency Assistance | Youth Programs | Technology Training |
|--------------------------------|-------------------------------------|--|-------------------|------------------------|
| Personnel | \$ 446,262 | \$ 222,796 | \$ 181,430 | \$ 10,485 |
| Fringes/benefits | 174,849 | 78,813 | 49,302 | 4,398 |
| Contractual services | 278,732 | 1,026 | 27,034 | - |
| Professional services | 9,795 | 6,265 | 1,034 | 275 |
| Travel | 10,707 | 2,214 | 16,722 | - |
| Utilities | 7,742 | 3,226 | - | 465 |
| Space | 25,544 | 10,501 | - | 12,228 |
| Office supplies | 6,841 | 4,723 | 977 | 521 |
| Consumable supplies | 782 | 28 | 36,592 | 289 |
| Client assistance | 235,485 | 511,984 | - | - |
| Materials | 320,011 | - | - | - |
| Food purchases | - | - | 1,344 | - |
| Equipment rental and purchases | 21,678 | 7,947 | - | 591 |
| Postage and freight | 2,539 | 857 | 1,608 | 61 |
| Insurance and bonding | 30,258 | 5,480 | 901 | 143 |
| Publications and printing | 4,045 | 1,597 | 383 | - |
| Repairs and maintenance | 3,414 | 196 | - | - |
| Development and recruitment | - | - | - | 1,440 |
| Telephone | 5,824 | 3,102 | 55 | 1,193 |
| Other expenses | 1,852 | 1,028 | 1,553 | 50 |
| Depreciation | 3,657 | 1,524 | - | - |
| | <u>\$ 1,590,017</u> | <u>\$ 863,307</u> | <u>\$ 318,935</u> | <u>\$ 32,139</u> |
| Total functional expenses | | | | |

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, 2018**

| | Community Services | Food Programs | Total Program Services | Management and General | Total Expenses |
|----------------------------------|-----------------------|------------------|------------------------------|---------------------------|---------------------|
| Personnel | \$ 175,758 | \$ 22,987 | \$ 1,059,718 | \$ 35,772 | \$ 1,095,490 |
| Fringes/benefits | 63,647 | 1,118 | 372,127 | 15,683 | 387,810 |
| Contractual services | 3,580 | - | 310,372 | 355 | 310,727 |
| Professional services | 2,414 | 484 | 20,267 | 424 | 20,691 |
| Travel | 3,245 | 789 | 33,677 | 2,969 | 36,646 |
| Utilities | 9,631 | - | 21,064 | 645 | 21,709 |
| Space | 23,236 | - | 71,509 | 11,907 | 83,416 |
| Office supplies | 4,065 | 1,623 | 18,750 | 1,564 | 20,314 |
| Consumable supplies | 667 | - | 38,358 | (145) | 38,213 |
| Client assistance | 88 | - | 747,557 | 1,884 | 749,441 |
| Materials | - | - | 320,011 | 44 | 320,055 |
| Food purchases | 693 | 65,889 | 67,926 | 89 | 68,015 |
| Equipment rental and purchases | 4,418 | - | 34,634 | 2,565 | 37,199 |
| Postage and freight | 489 | - | 5,554 | 111 | 5,665 |
| Insurance and bonding | 1,713 | 286 | 38,781 | (3,612) | 35,169 |
| Publications and printing | 1,859 | - | 7,884 | (2,850) | 5,034 |
| Repairs and maintenance | 494 | - | 4,104 | - | 4,104 |
| Development and recruitment | 3,030 | - | 4,470 | - | 4,470 |
| Telephone | 5,981 | - | 16,155 | 598 | 16,753 |
| Other expenses | 3,237 | 366 | 8,086 | 10,885 | 18,971 |
| Depreciation | - | - | 5,181 | 22,029 | 27,210 |
| Total functional expenses | \$ 308,245 | \$ 93,542 | \$ 3,206,185 | \$ 100,917 | \$ 3,307,102 |

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 | - | - |
| Materials | 256,104 | - | - | - |
| Food purchases | 107 | - | 1,813 | - |
| Equipment rental and purchases | 12,450 | 46,284 | 669 | 177 |
| Postage and freight | 2,899 | 1,149 | 410 | 2 |
| Insurance and bonding | 4,615 | 1,251 | 68 | 389 |
| Publications and printing | 4,040 | 1,710 | 622 | 52 |
| Repairs and maintenance | 9,004 | 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 | \$ 1,424,169 | \$ 853,207 | \$ 271,114 | \$ 67,646 |

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 CASH FLOWS**

| | Year Ended January 31, 2018 | 2017 |
|---|--------------------------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 67,646 | \$ 101,700 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operations: | | |
| Depreciation | 27,210 | 23,660 |
| Loss on disposal of equipment | - | 1,885 |
| Net change in: | | |
| Grants receivable | 38,648 | (105,624) |
| Prepaid expenses | 10,817 | (22,496) |
| Inventory | (119) | (2,988) |
| Accounts payable | 22,897 | 17,708 |
| Deferred revenue | (32,186) | 42,739 |
| Accrued vacation liability | 7,363 | (86) |
| Accrued payroll and payroll taxes | 12,301 | 10,687 |
| Other liabilities | (3,577) | (4,508) |
| Net cash provided by operating activities | 151,000 | 62,677 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (5,591) | (59,634) |
| Net cash used in investing activities | (5,591) | (59,634) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments on loan | (4,313) | (4,123) |
| Payments on capital lease | (3,256) | (570) |
| Net cash used in financing activities | (7,569) | (4,693) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 137,840 | (1,650) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 620,782 | 622,432 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 758,622 | \$ 620,782 |
| Supplemental Disclosures: | | |
| Interest paid | \$ 2,551 | \$ 5,255 |
| Noncash investing and financing activities: | | |
| Acquisition of equipment through capital lease | \$ - | \$ 17,808 |

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, 2018 AND 2017**

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, 2018 AND 2017**

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, 2018.

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 2015.

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 \$27,210 and \$23,660 has been recorded for the years ending January 31, 2018 and 2017, 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, 2018 AND 2017**

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 \$49,832 and \$42,469 at January 31, 2018 and 2017, 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. Rental expense under the above leases recognized in the statements of activities for the years ended January 31, 2018 and 2017, were \$26,280 and \$26,480, 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, 2018 AND 2017**

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 \$24,190 and \$22,321 for the years ended January 31, 2018 and 2017, respectively.

NOTE 5 - ECONOMIC DEPENDENCY

CACPC received approximately 99 percent and 94 percent of its funding directly or indirectly from state, local, and federal governmental agencies for the years ended January 31, 2018 and 2017, 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:

| | 2018 | 2017 |
|--------------------------------------|------------|------------|
| HEAP Administrative | \$ 60,643 | \$ 62,271 |
| HEAP Emergency | 125,750 | 123,280 |
| Home Weatherization Assistance – HHS | 109,569 | 128,661 |
| Home Weatherization Assistance – DOE | 38,039 | 33,694 |
| Electric Partnership Program | 26,653 | 32,804 |
| Housing Assistance Program | 1,852 | 24,436 |
| Community Services Block Grant | - | 24,018 |
| Miscellaneous other grants | 63,820 | 29,348 |
| Total | \$ 426,326 | \$ 458,512 |

NOTE 7 - CREDIT FACILITIES

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, 2018, was \$43,564.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JANUARY 31, 2018 AND 2017**

NOTE 7 - CREDIT FACILITIES (CONTINUED)

Scheduled maturities of the notes payable are as follows for each of the 5 years following January 31, 2018:

| | |
|------------|----------|
| 2019 | \$ 4,543 |
| 2020 | 4,776 |
| 2021 | 5,020 |
| 2022 | 5,277 |
| 2023 | 5,548 |
| Thereafter | 18,400 |

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:

| | |
|--|------------------|
| 2019 | \$ 4,033 |
| 2020 | 4,033 |
| 2021 | 4,033 |
| 2022 | <u>3,025</u> |
| Total minimum lease payments | 15,124 |
| Amount representing interest | <u>(1,141)</u> |
| Present value of net minimum lease payment | <u>\$ 13,983</u> |

NOTE 8 - SUBSEQUENT EVENTS

Management of CACPC assessed events occurring subsequent to January 31, 2018, through October 19, 2018, 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 19, 2018.

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JANUARY 31, 2018**

| <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 | \$ 351,709 |
| Subtotal Community Services Block Grant | | | <u>351,709</u> |
| Low-Income Home Energy Assistance: | | | |
| Administration 16-17 | 93.568 | 17-HA-141 | 172,649 |
| Administration 17-18 | 93.568 | 18-HA-141 | 133,111 |
| Summer Cooling 17 | 93.568 | 17-HC-241 | 42,586 |
| Winter Crisis 16-17 | 93.568 | 17-HE-241 | 127,470 |
| Winter Crisis 17-18 | 93.568 | 18-HE-241 | 239,250 |
| Subtotal Low-Income Home Energy Assistance | | | <u>715,066</u> |
| Home Weatherization Assistance Program | 93.568 | 16-128 | 406,343 |
| Home Weatherization Assistance Program | 93.568 | 17-128 | 246,236 |
| Subtotal Home Weatherization Assistance Program | | | <u>652,579</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 | | | <u>7,622</u> |
| <u>Passed through Portage County Department of Job and Family Services:</u> | | | |
| Temporary Assistance for Needy Families: | | | |
| PRC Utilities 2016-2017 | 93.558 | 20160413 | 91,186 |
| PRC Utilities 2017-2018 | 93.558 | 20170417 | 21,190 |
| PRC Home Repair 2016-2017 | 93.558 | 20160413 | 3,082 |
| PRC Home Repair 2017-2018 | 93.558 | 20160415 | 64 |
| Subtotal Temporary Assistance for Needy Families | | | <u>115,522</u> |
| Subtotal TANF Cluster | | | <u>123,144</u> |
| TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | <u>1,842,498</u> |
| U. S. DEPARTMENT OF EDUCATION | | | |
| <u>Passed through Ohio Department of Education:</u> | | | |
| RSD 21st Century Community Learning 2016-2017 | 84.287 | 7156 | 73,565 |
| RSD 21st Century Community Learning 2017-2018 | 84.287 | 7156 | 34,814 |
| WSD 21st Century Community Learning 2016-2017 | 84.287 | IRN: 118083 9869 | 178,025 |
| Subtotal 21st Century Community Learning | | | <u>286,404</u> |
| TOTAL U. S. DEPARTMENT OF EDUCATION | | | <u>286,404</u> |

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2018**

| <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 | 16-128 | 67,021 |
| Weatherization Assistance Program | 81.042 | 17-128 | <u>291,668</u> |
| Subtotal Weatherization Assistance Program | | | <u>358,689</u> |
| TOTAL U. S. DEPARTMENT OF ENERGY | | | <u>358,689</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 | 2017-03 | <u>22,370</u> |
| Subtotal CDBG-Entitlement Grants Cluster | | | <u>22,370</u> |
| TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | <u>22,370</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 2017 | <u>93,542</u> |
| Subtotal Child Nutrition Cluster | | | <u>93,542</u> |
| TOTAL U. S. DEPARTMENT OF AGRICULTURE | | | <u>93,542</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 34 | <u>15,591</u> |
| Subtotal Emergency Food & Shelter National Board Program | | | <u>15,591</u> |
| TOTAL U. S. DEPARTMENT OF HOMELAND SECURITY | | | <u>15,591</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 2,619,094</u></u> |

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JANUARY 31, 2018**

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, 2018. 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, 2018.
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 \$1,367,645.
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, 2018 and 2017, 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 19, 2018.

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.

Jens, Pochil, Litz & Cleveland, A.C.

Wheeling, West Virginia
October 19, 2018



**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, 2018. 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, 2018.

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.

Jeon, Proehl, Lilly & Co., P.C.

Wheeling, West Virginia
October 19, 2018

**COMMUNITY ACTION COUNCIL OF PORTAGE COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JANUARY 31, 2018**

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, 2018.