

COMMUNITY ACTION WAYNE/MEDINA  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2016 AND 2015



DYER ROCHE & COMPANY, INC.

*Certified Public Accountants and Consultants*

COMMUNITY ACTION WAYNE/MEDINA

EIN 34-0979210

CONTENTS

	Page
Independent Auditors' Report on the Basic Financial Statements and the Schedule of Expenditures of Federal Awards	1-2
Statements of Financial Position	3-4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6-8
Statements of Cash Flows	9
Notes to the Financial Statements	10-15
Schedule of Expenditures of Federal Awards	16-18
Schedule of Prior Audit Findings	19
Independent Auditors' 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	20-21
Independent Auditors' 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



Richard W. Dyer, CPA  
Cathy G. Roche, CPA  
Bert E. Humpal, CPA

J. Matthew Wickham, CPA, CMA, CFE  
Andrea L. Hostetler, CPA

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS AND THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Directors of  
Community Action Wayne/ Medina  
EIN: 34-0979210  
Wooster, OH 44691

**Report on the Financial Statements**

We have audited the accompanying financial statements of Community Action Wayne/Medina (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, 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 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 Wayne/Medina as of December 31, 2016 and 2015, 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***

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 September 27, 2017, on our consideration of Community Action Wayne/Medina 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 Wayne/Medina's internal control over financial reporting and compliance.

*Dyck Roche & Company, Inc.*

Wooster, OH  
September 27, 2017

COMMUNITY ACTION WAYNE/MEDINA

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents	\$ 688,210	\$ 850,390
Program grants receivable	284,932	374,915
Pledges receivable	6,543	7,303
Inventory	3,719	7,061
Prepaid expenses	<u>25,711</u>	<u>40,791</u>
Total current assets	<u>1,009,115</u>	<u>1,280,460</u>
Property and Equipment:		
Leasehold improvements	158,636	109,528
Equipment	175,208	200,412
Vehicles	980,343	940,886
Buildings	2,294,239	2,275,239
Land	25,476	25,476
Land improvements	<u>8,178</u>	<u>8,178</u>
	3,642,080	3,559,719
Accumulated depreciation	<u>(910,604)</u>	<u>(909,863)</u>
Property and equipment, net	<u>2,731,476</u>	<u>2,649,856</u>
Other Assets:		
Investments	<u>52,568</u>	<u>48,928</u>
Total other assets	<u>52,568</u>	<u>48,928</u>
Total assets	<u>\$ 3,793,159</u>	<u>\$ 3,979,244</u>

See accompanying independent auditors' report and notes to the financial statements.

COMMUNITY ACTION WAYNE/MEDINA

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

LIABILITIES AND NET ASSETS

	<u>2016</u>	<u>2015</u>
Current Liabilities:		
Accounts payable	\$ 137,285	\$ 177,459
Accrued expenses	94,389	95,898
Accrued and withheld payroll taxes	10,391	11,577
Deferred support	823,244	790,091
Current portion of long-term debt	<u>60,526</u>	<u>56,323</u>
Total current liabilities	<u>1,125,835</u>	<u>1,131,348</u>
Long-Term Liabilities:		
Long-term debt, net of current portion	<u>1,388,066</u>	<u>1,379,971</u>
Total long-term liabilities	<u>1,388,066</u>	<u>1,379,971</u>
Total liabilities	<u>2,513,901</u>	<u>2,511,319</u>
Net Assets:		
Unrestricted - board designated operating reserve	300,000	300,000
Unrestricted	<u>979,258</u>	<u>1,167,925</u>
Total net assets	<u>1,279,258</u>	<u>1,467,925</u>
Total liabilities and net assets	<u>\$ 3,793,159</u>	<u>\$ 3,979,244</u>

See accompanying independent auditors' report and notes to the financial statements.

COMMUNITY ACTION WAYNE/MEDINA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Support and Revenue		
Grants and contracts	\$ 8,278,623	\$ 7,699,426
Other income	20,598	11,804
Support in-kind	370,898	450,712
Contributions	<u>563</u>	<u>186,235</u>
Total support and revenues	<u>8,670,682</u>	<u>8,348,177</u>
Expenses		
Program services:		
Head Start	4,849,840	4,639,481
Child and Adult Care Food Program	418,330	409,887
Home Weatherization Assistance Program	853,636	699,483
Home Energy Assistance Program	833,449	863,888
Community Services Block Grant	355,709	305,127
Community Development Block Grant	26,985	17,415
Mobility Management	40,280	-
Miscellaneous corporate	<u>425,258</u>	<u>212,122</u>
Total program services	<u>7,803,487</u>	<u>7,147,403</u>
Supporting services:		
Management and general	<u>1,055,862</u>	<u>969,545</u>
Total expenses	<u>8,859,349</u>	<u>8,116,948</u>
Change in net assets	(188,667)	231,229
Net assets, beginning of year	<u>1,467,925</u>	<u>1,236,696</u>
Net assets, end of year	<u>\$ 1,279,258</u>	<u>\$ 1,467,925</u>

See accompanying independent auditors' report and notes to the financial statements.

COMMUNITY ACTION WAYNE/MEDINA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

PROGRAM SERVICES

	<u>Totals</u>	<u>Head Start</u>	<u>CACFP</u>	<u>HWAP</u>	<u>HEAP</u>	<u>CSBG</u>	<u>CDBG</u>	<u>MM</u>	<u>Misc.</u>
Salaries and wages	\$ 2,880,306	\$ 2,192,034	\$ 176,485	\$ 158,003	\$ 118,351	\$ 164,420	\$ -	\$ 24,991	\$ 46,022
Employee benefits	<u>1,285,547</u>	<u>980,115</u>	<u>73,585</u>	<u>71,983</u>	<u>53,385</u>	<u>73,956</u>	<u>-</u>	<u>11,202</u>	<u>21,321</u>
Total salaries, wages and employee benefits	<u>4,165,853</u>	<u>3,172,149</u>	<u>250,070</u>	<u>229,986</u>	<u>171,736</u>	<u>238,376</u>	<u>-</u>	<u>36,193</u>	<u>67,343</u>
In-kind donations	370,898	370,898	-	-	-	-	-	-	-
Professional and consulting	49,979	47,671	-	-	-	1,783	-	-	525
Travel and education	194,940	167,766	8,430	6,430	1,822	5,679	-	1,459	3,354
Occupancy	434,040	322,448	2,357	22,512	13,479	28,377	-	59	44,808
Supplies	462,917	383,149	21,173	28,816	4,539	12,581	-	167	12,492
Office expense	51,756	48,125	-	861	266	625	-	168	1,711
Telephone/Internet	76,033	59,984	-	4,680	3,289	6,369	-	959	752
Equipment rent, purchases and maintenance	121,058	103,126	1,684	8,114	1,874	3,256	-	970	2,034
Staff related	11,665	10,710	-	272	221	-	-	242	220
Insurance	26,156	20,400	-	4,396	110	1,004	-	-	246
Program service costs	1,614,659	31,503	134,616	530,546	633,060	53,882	26,985	-	204,067
Depreciation	164,503	111,911	-	17,023	3,053	3,777	-	63	28,676
Miscellaneous	52,783	-	-	-	-	-	-	-	52,783
Gain/loss on sale	<u>6,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,247</u>
	<u>3,637,634</u>	<u>1,677,691</u>	<u>168,260</u>	<u>623,650</u>	<u>661,713</u>	<u>117,333</u>	<u>26,985</u>	<u>4,087</u>	<u>357,915</u>
	<u>\$ 7,803,487</u>	<u>\$ 4,849,840</u>	<u>\$ 418,330</u>	<u>\$ 853,636</u>	<u>\$ 833,449</u>	<u>\$ 355,709</u>	<u>\$ 26,985</u>	<u>\$ 40,280</u>	<u>\$ 425,258</u>

See accompanying independent auditors' report and notes to the financial statements.



COMMUNITY ACTION WAYNE/MEDINA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015

PROGRAM SERVICES

	<u>Totals</u>	<u>Head Start</u>	<u>CACFP</u>	<u>HWAP</u>	<u>HEAP</u>	<u>CSBG</u>	<u>CDBG</u>	<u>Misc.</u>
Salaries and wages	\$ 2,660,308	\$ 2,049,577	\$ 154,167	\$ 157,016	\$ 151,272	\$ 123,025	\$ -	\$ 25,251
Employee benefits	<u>1,091,109</u>	<u>846,045</u>	<u>55,847</u>	<u>65,990</u>	<u>61,176</u>	<u>50,739</u>	-	<u>11,312</u>
Total salaries, wages and employee benefits	<u>3,751,417</u>	<u>2,895,622</u>	<u>210,014</u>	<u>223,006</u>	<u>212,448</u>	<u>173,764</u>	-	<u>36,563</u>
In-kind donations	406,212	406,212	-	-	-	-	-	-
Professional and consulting	41,876	40,572	-	-	-	1,304	-	-
Travel and education	135,122	110,749	7,719	7,627	1,954	6,057	-	1,016
Occupancy	406,592	316,641	2,956	28,139	16,243	27,271	-	15,342
Supplies	487,071	418,910	30,351	11,605	4,527	19,143	-	2,535
Office expense	45,396	39,888	-	1,712	1,506	1,816	-	474
Telephone/Internet	77,553	60,889	-	6,694	4,307	5,356	-	307
Equipment rent, purchases and maintenance	104,967	85,946	6,709	7,569	482	3,758	-	503
Staff related	20,211	13,345	-	28	523	218	-	6,097
Insurance	27,990	22,699	-	4,346	341	382	-	222
Program service costs	1,513,942	151,785	152,138	390,695	620,041	64,182	17,415	117,686
Depreciation	119,478	76,223	-	18,062	1,516	1,876	-	21,801
Miscellaneous	2,457	-	-	-	-	-	-	2,457
Gain/loss on sale	<u>7,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,119</u>
	<u>3,395,986</u>	<u>1,743,859</u>	<u>199,873</u>	<u>476,477</u>	<u>651,440</u>	<u>131,363</u>	<u>17,415</u>	<u>175,559</u>
	<u>\$ 7,147,403</u>	<u>\$ 4,639,481</u>	<u>\$ 409,887</u>	<u>\$ 699,483</u>	<u>\$ 863,888</u>	<u>\$ 305,127</u>	<u>\$ 17,415</u>	<u>\$ 212,122</u>

See accompanying independent auditors' report and notes to the financial statements.

COMMUNITY ACTION WAYNE/MEDINA  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

MANAGEMENT AND GENERAL

	<u>2016</u>	<u>2015</u>
Salaries and wages	\$ 489,221	\$ 444,073
Employee benefits	<u>205,075</u>	<u>184,927</u>
Total salaries, wages and employee benefits	<u>694,296</u>	<u>629,000</u>
Professional and consulting fees	52,830	38,163
Travel and education	13,995	29,937
Occupancy	106,074	116,216
Supplies	26,559	47,859
Office expense	18,732	18,911
Telephone/Internet	51,374	32,440
Equipment rent, purchases, and maintenance	23,658	10,714
Staff related	8,997	9,316
Insurance	36,127	24,150
Program service costs	812	1,068
Depreciation	<u>22,408</u>	<u>11,771</u>
	<u>361,566</u>	<u>340,545</u>
	<u>\$ 1,055,862</u>	<u>\$ 969,545</u>

See accompanying independent auditors' report and notes to the financial statements.

COMMUNITY ACTION WAYNE/MEDINA

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (188,667)	\$ 231,229
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Gain) loss on disposal of assets	6,247	7,119
Net change in investments	(3,640)	2,228
Depreciation	186,911	131,249
In-kind donations	-	(44,500)
(Increase) decrease in assets:		
Inventory	3,342	2,146
Program grants receivable	89,983	(125,091)
Pledges receivable	760	(7,303)
Prepaid expenses	15,080	(40,791)
Deposits	-	1,000
Increase (decrease) in liabilities:		
Accounts payable	(40,174)	138,136
Accrued expenses	(1,509)	(82,853)
Accrued and withheld payroll taxes	(1,186)	(58,575)
Deferred support	33,153	(25,833)
Net cash provided (used) by operating activities	<u>100,300</u>	<u>128,161</u>
Cash Flows from Investing Activities:		
Capital expenditures	<u>(198,652)</u>	<u>(1,591,890)</u>
Net cash provided (used) by investing activities	<u>(198,652)</u>	<u>(1,591,890)</u>
Cash Flows from Financing Activities:		
Principal payments	(63,828)	(53,412)
Proceeds from long-term debt	-	1,109,077
Net cash provided (used) by financing activities	<u>(63,828)</u>	<u>1,055,665</u>
Change in cash and cash equivalents	(162,180)	(408,064)
Cash and cash equivalents, beginning	<u>850,390</u>	<u>1,258,454</u>
Cash and cash equivalents, ending	<u>\$ 688,210</u>	<u>\$ 850,390</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 73,547	\$ 39,346
Supplemental disclosures of non-cash investing activities:		
Donated materials used in building improvements	\$ -	\$ 44,500
Fixed assets acquired through the issuance of LTD	\$ 76,126	\$ -

See accompanying independent auditors' report and notes to the financial statements.

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

Nature of Activities

Community Action Wayne/Medina (CAW/M) is a non-profit corporation organized to provide educational, economic and social opportunities for underprivileged citizens of Wayne and Medina Counties of Ohio. Substantially all of the grants received by CAW/M and all amounts reported as grants receivable on the statement of financial position are grants which originated from the government of the United States of America and the State of Ohio.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standard Board's Codification FASB ASC 958 "Not-for-Profit Entities." Under FASB ASC 958, CAW/M is required to report information regarding its financial position and activities according to three classes of net assets: *unrestricted net assets* – net assets that are not subject to donor-imposed restrictions; *temporarily restricted net assets* – net assets subject to donor-imposed restrictions that may or will be met by actions of CAW/M or that expire with the passage of time; and *permanently restricted net assets* – net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by CAW/M.

Support received under grants is accounted for as an exchange transaction. Grant revenue is recognized to the extent of the related costs incurred.

The accompanying schedule of expenditures of federal awards includes the federal grant activity of CAW/M and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents at December 31, 2016 and 2015 include a repurchase agreement with its bank collateralized by securities issued by the United States Treasury or other agency of the United States government.

Program Grants and Other Receivables

Program grants and other receivables are deemed fully collectible by management; consequently no allowance for uncollectible accounts has been made.

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (Continued)

Inventory

Inventory represents weatherization supplies on hand. Inventory is recorded at cost, under the first-in, first-out (FIFO) method.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is recognized using the straight-line method over the estimated useful lives of the related assets, ranging from 5 years to 39 years. Maintenance and repairs of property and equipment are charged to expense. Substantially all property and equipment owned by CAW/M was acquired with grant funds restricted for that purpose. The various funding sources have a reversionary interest in the property and equipment purchased with grant funds, and any dispositions, as well as the ownership of any disposition proceeds, are subject to funding source regulations.

In-Kind Contributions

Donated services are recognized if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by Community Action Wayne/Medina. Donated items are recognized as income at the fair market value of the items at the date the donation occurred. Volunteers also provided substantial amounts of time to program services and the fundraising campaign that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Grant Expense Allocations

Certain personnel leave and fringe benefit costs are allocated to the various grant programs monthly based on interim calculations and are subsequently reallocated when expenses become fixed at year end. Fiscal year grant reports issued by the Organization may accordingly differ from costs reflected on the schedule of expenditures of federal awards therein.

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 the programs and supporting services benefited.

Income Taxes

The Organization adopted the provisions of FASB ASC 740-10 (formerly FIN 48 "Accounting for Uncertainty in Income Taxes"), which prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

As a result of the implementation of this standard, management determined that there are no material uncertain tax positions.

As a not-for-profit organization, Community Action Wayne/Medina is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and exempt from Ohio income taxes. Therefore, no provision of liability for income taxes has been included in the financial statements.

The Organization's federal income tax returns are subject to examination by the IRS, generally for three years after they were filed.

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (Continued)

Reclassification

Certain amounts previously reported have been reclassified to conform to the reporting presentation of the financial statements at December 31, 2016.

Advertising

The cost of advertising is expensed as it is incurred. Advertising expense for the years ending December 31, 2016 and 2015 was \$18,749 and \$19,307, respectively.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements.

Subsequent events have been evaluated through September 27, 2017 which is the date the financial statements were available to be issued.

Note 2: Property and Equipment

An allocation of fixed assets by program is as follows:

	2016	2015
Home Weatherization Assistance Program	\$ 110,778	\$ 167,115
Head Start	847,360	852,897
Agency	2,683,942	2,539,707
	3,642,080	3,559,719
Less: accumulated depreciation	(910,604)	(909,863)
	<u>\$ 2,731,476</u>	<u>\$ 2,649,856</u>

Note 3: Investments

CAW/M applies FASB ASC 958 605 "Revenue Recognition", which requires a specified beneficiary recognize its rights to assets held by a recipient organization. CAW/M is party to an agreement with Wayne County Community Foundation to manage the Community Action Wayne/Medina Fund (the "Fund"). CAW/M has not explicitly granted variance power to the Wayne County Community Foundation (WCCF).

The fair market value of the Fund was \$52,568 and \$48,928 at December 31, 2016 and 2015, respectively, as follows:

	2016	2015
Balance at the beginning of the year	\$ 48,928	\$ 51,156
Interest	354	220
Dividends	626	391
Realized Gains (Losses)	1,372	341
Unrealized Gains (Losses)	1,540	(2,986)
Administrative Fees	(252)	(194)
	<u>\$ 52,568</u>	<u>\$ 48,928</u>

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO FINANCIAL STATEMENTS

Note 3: Investments (Continued)

Investment income for the years ended December 31, 2016 and 2015 consists of the following:

	2016	2015
Interest income	\$ 903	\$ 1,072
Dividend income	626	391
Unrealized and realized (losses) gains on investments	2,912	(2,645)
	<u>\$ 4,441</u>	<u>\$ (1,182)</u>

Accounting standards for fair value measurements provides a framework for measuring fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs – Quoted prices for identical instruments in active markets.

Level 2 Inputs – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs – Instruments with primarily unobservable value drivers.

The following is a description of the valuation methodologies used for assets measured at fair value. Level 3 investments were valued using amounts reported by the Wayne County Community Foundation. There have been no changes in the methodologies used at December 31, 2016.

The Organization’s endowment funds are reported at fair value in the following tables:

Investment Type	Assets at Fair Value as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
WCCF Investment	\$ -	\$ -	\$ 52,568	\$ 52,568
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,568</u>	<u>\$ 52,568</u>

Investment Type	Assets at Fair Value as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
WCCF Investment	\$ -	\$ -	\$ 48,928	\$ 48,928
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,928</u>	<u>\$ 48,928</u>

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO FINANCIAL STATEMENTS

Note 4: Long-Term Debt

Long term debt consists of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
TCF Equipment Finance – Note of \$149,978 payable in monthly payments including principal and interest of \$2,878.37 at an interest rate of 5.90% and matures at May 5, 2016	\$ -	\$ 11,992
Santander Bank – Note of \$76,126 payable in monthly payments including principal and interest of \$1,463 at an interest rate of 5.753% and matures at July 16, 2021	\$ 67,348	\$ -
PNC Bank – Mortgage of \$1,445,000 payable in monthly payments including principal and interest of \$9,717.81 at an interest rate of 5.15% and matures at December 22, 2024	<u>\$ 1,381,244</u>	<u>\$ 1,424,302</u>
Total Debt	\$ 1,448,592	\$ 1,436,294
Less: Current Portion	<u>(60,526)</u>	<u>(56,323)</u>
Long-term Portion	<u>\$ 1,388,066</u>	<u>\$ 1,379,971</u>

Principal requirements on the long-term debt for years ending after December 31, 2016 are as follows:

2017	\$ 60,526
2018	63,805
2019	67,263
2020	70,909
2021 and thereafter	<u>1,186,089</u>
Total	<u>\$ 1,448,592</u>

Interest expense for the years ended December 31, 2016 and 2015 is \$73,547 and \$39,436, respectively. The total amount of interest capitalized for the years ended December 31, 2016 and 2015 is \$0 and \$13,602, respectively.

Note 5: Deferred Support

Deferred support of \$823,244 and \$790,091 represents amounts paid by grantors that have not been expended as of December 31, 2016 and 2015, respectively, and are recognized when expenses are incurred through the grants providing the funds.

Note 6: Contingency

Under terms of various grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time. Management expects such amounts, if any, to be immaterial.



COMMUNITY ACTION WAYNE/MEDINA

NOTES TO FINANCIAL STATEMENTS

Note 7: Donated Services, Materials and Facilities

Donated services of \$370,898 and \$406,212 are included in the accompanying financial statements at the estimated fair value of those services for the years ending December 31, 2016 and 2015, respectively. The Organization receives significant donated services from unpaid volunteers that do not meet the recognition criteria. Management estimates the value of those services to be \$2,094,588 and \$1,441,465 for the years ending December 31, 2016 and 2015, respectively.

Community Action Wayne/Medina also received in-kind donations to assist in the improvement of their building. The value of the materials donated is recognized as income and capitalized to building costs. Management estimates the value of the donated materials to be \$-0- and \$44,500 for the years ending December 31, 2016 and 2015, respectively.

Note 8: Operating Leases

Community Action Wayne/Medina leased its primary office space under a month-to-month lease that expired on April 30, 2015. The Medina office is leased under a long-term operating lease expiring October 31, 2021. The annual rent is increased on the lease anniversary date, as determined by the change in the Consumer Price Index along with other factors. The Organization leases a storage warehouse under a long-term operating lease expiring September 30, 2017.

Four child development centers are leased under long-term operating leases expiring in the years 2017 and 2018.

Rent expense for the years ending December 31, 2016 and 2015 was \$146,152 and \$177,823, respectively.

At December 31, 2016 future minimum lease payments by calendar year are as follows:

2017	112,575
2018	48,096
2019	44,556
2020	44,556
2021 and thereafter	27,848
	<hr/>
	\$ 277,631

Note 9: Retirement Savings Plan

Effective July 1, 1996, Community Action Wayne/Medina established a retirement savings plan under Section 403 (b) of the Internal Revenue Code for employees meeting eligibility requirements. Under provisions of the plan, employees may elect to have a portion of their salary withheld and contributed to the plan. The Organization's discretionary contribution is 4% of an eligible employee's gross salary following completion of minimum service requirements. In addition, if the employee contributes at least 2%, the Organization will contribute an additional 2% match. Plan expense was \$183,244 and \$169,435 for the years ending December 31, 2016 and 2015, respectively.

COMMUNITY ACTION WAYNE/MEDINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>			
Head Start			
<i>Direct Programs</i>			
Head Start - 2016	93.600	1617-43	\$ 6,766,444
Head Start - 2015	93.600	1516-43	<u>1,360,277</u>
			<u>8,126,721</u>
Step Up To Quality			
<i>Passed through Ohio Child Care Resource &amp; Referral Assoc.</i>			
Step Up to Quality - 2013	93.575	-	37
Step Up to Quality - 2014	93.575	-	5,951
Step Up to Quality - 2015	93.575	-	25,944
Step Up to Quality - 2016	93.575	-	<u>9,287</u>
			<u>41,219</u>
Low-Income Home Energy Assistance			
<i>Passed through Ohio Department of Development</i>			
Home Energy Assistance (HEAP)	93.568	17-HA-148	118,578
Home Energy Assistance (HEAP)	93.568	16-HA-148	129,727
Home Energy Assistance (HEAP)	93.568	17-HE-248	286,825
Home Energy Assistance (HEAP)	93.568	16-HE-248	209,569
Home Energy Assistance (HEAP)	93.568	16-HC-248	132,152
Home Weatherization Assistance (HWAP)	93.568	16-132	212,818
Home Weatherization Assistance (HWAP)	93.568	15-132	<u>286,192</u>
			<u>1,375,861</u>
Community Services Block Grant			
<i>Passed through Ohio Department of Development</i>			
Community Services Block Grant (CSBG)	93.569	1617-38	417,945
Community Services Block Grant (CSBG)	93.569	1516-38	<u>7,205</u>
			<u>425,150</u>
Total U.S. Department of Health and Human Services			<u>9,968,951</u>

See accompanying independent auditors' report and notes to the financial statements.

COMMUNITY ACTION WAYNE/MEDINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Energy</b>			
Weatherization Assistance for Low-Income Persons			
<i>Passed through Ohio Department of Development</i>			
Home Weatherization Assistance (HWAP)	81.042	16-132	118,609
Home Weatherization Assistance (HWAP)	81.042	15-132	<u>91,596</u>
Total U.S. Department of Energy			<u>210,205</u>
<b>U.S. Department of Agriculture</b>			
Child and Adult Care Food Program			
<i>Passed through Ohio Department of Education</i>			
Child and Adult Care Food Program (CACFP)	10.558	95570	<u>141,520</u>
Total U.S. Department of Agriculture			<u>141,520</u>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grants/Small Cities Program			
<i>Passed through Wayne County Commissioners</i>			
Community Development Block Grant	14.219	B-F-14-1CZ-1	26,400
Community Development Block Grant	14.219	B-F-14-1CZ-1	<u>585</u>
Total U.S. Department of Housing and Urban Development			<u>26,985</u>
<b>U.S. Department of Transportation</b>			
Enhanced Mobility of Seniors and Individuals with Disabilities			
<i>Passed through Ohio Department of Transportation</i>			
5310 Program	20.513	OCPX-0085-061-161	<u>49,079</u>
Total U.S. Department of Transportation			<u>49,079</u>
Total expenditures of federal awards			<u><u>\$ 10,396,740</u></u>

See accompanying independent auditors' report and notes to the financial statements.

COMMUNITY ACTION WAYNE/MEDINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of CAW/M under programs of the federal government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CAW/M, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CAW/M.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) CAW/M has elected to use an indirect cost rate approved by the cognizant agency.

COMMUNITY ACTION WAYNE/MEDINA  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2015

There are no prior audit findings to report the status thereon.



Richard W. Dyer, CPA  
Cathy G. Roche, CPA  
Bert E. Humpal, CPA

J. Matthew Wickham, CPA, CMA, CFE  
Andrea L. Hostetler, CPA

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 Wayne/Medina  
Wooster, OH 44691

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 Wayne/Medina (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, 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 September 27, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community Action Wayne/Medina 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 Wayne/Medina internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Wayne/Medina 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 Wayne/Medina 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dyer Roche & Company, Inc.*

Wooster, OH  
September 27, 2017



Richard W. Dyer, CPA  
Cathy G. Roche, CPA  
Bert E. Humpal, CPA

J. Matthew Wickham, CPA, CMA, CFE  
Andrea L. Hostetler, CPA

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 Wayne/Medina  
Wooster, OH 44691

**Report on Compliance for Each Major Federal Program**

We have audited Community Action Wayne/Medina 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 Wayne/Medina major federal programs for the year ended December 31, 2016. Community Action Wayne/Medina 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 Wayne/Medina 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 Wayne/Medina 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 Wayne/Medina compliance.

***Opinion on Each Major Federal Program***

In our opinion, Community Action Wayne/Medina 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 December 31, 2016.



## Report on Internal Control Over Compliance

Management of Community Action Wayne/Medina 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 Wayne/Medina 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 Wayne/Medina 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.

*Dyer Roche & Company, Inc.*

Wooster, OH  
September 27, 2017

COMMUNITY ACTION WAYNE/MEDINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Community Action Wayne/Medina.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' 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.
3. No instances of noncompliance material to the financial statements of Community Action Wayne/Medina were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance expresses an unqualified opinion for major federal award programs.
6. Audit findings that are required to be reported in accordance with Uniform Guidance are reported in this schedule.
7. The programs tested as major programs include:

Head Start	CFDA No.	93.600
------------	----------	--------

8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. Community Action Wayne/Medina qualified as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

NONE