

Community Action Wayne/Medina

Audited Financial Statements

As of and for the Years Ended
December 31, 2023 and 2022



Rea & associates

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Community Action Wayne/Medina
Wooster, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Action Wayne/Medina, a nonprofit organization, (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for the period of one year from the date of this report.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report of Summarized Comparative Information

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Wooster, Ohio
September 27, 2024

COMMUNITY ACTION WAYNE/MEDINA

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
	<hr/>	<hr/>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,599,595	\$ 2,258,232
Program grants receivable	526,546	363,457
Prepaid expenses	21,486	32,670
Inventory	8,303	11,405
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Total current assets	2,155,930	2,665,764
PROPERTY AND EQUIPMENT:		
Leasehold improvements	246,237	246,237
Equipment	188,859	188,859
Vehicles	152,439	152,439
Building and building improvements	3,412,502	2,980,261
Land	25,476	25,476
Land improvements	8,178	8,178
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	4,033,691	3,601,450
Less: accumulated depreciation and amortization	1,079,204	939,215
	<hr/>	<hr/>
	2,954,487	2,662,235
Construction in progress	264,915	-
	<hr/>	<hr/>
Total property and equipment, net	3,219,402	2,662,235
OTHER ASSETS:		
Investments	72,592	64,440
Right of use asset, net	286,403	382,781
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Total other assets	358,995	447,221
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Total assets	\$ 5,734,327	\$ 5,775,220
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LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 1,127,934	\$ 88,940
Current portion of operating lease liability	125,539	140,840
Accounts payable	436,880	249,189
Accrued expenses	216,901	217,964
Accrued and withheld payroll taxes	8,175	12,766
Deferred support	1,187,421	1,416,424
Total current liabilities	<u>3,102,850</u>	<u>2,126,123</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	-	1,124,340
Operating lease liability, net of current portion	160,863	241,941
Total long-term liabilities	<u>160,863</u>	<u>1,366,281</u>
Total liabilities	<u>3,263,713</u>	<u>3,492,404</u>
NET ASSETS:		
Without donor restrictions:		
Board designated operating reserve	300,000	300,000
Unappropriated	2,081,469	1,951,440
	<u>2,381,469</u>	<u>2,251,440</u>
With donor restrictions	89,145	31,376
Total net assets	<u>2,470,614</u>	<u>2,282,816</u>
Total liabilities and net assets	<u>\$ 5,734,327</u>	<u>\$ 5,775,220</u>

The accompanying notes are an integral part of these financials.

COMMUNITY ACTION WAYNE/MEDINA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Grants and contracts	\$ 14,764,039	\$ 57,769	\$ 14,821,808	\$ 12,455,556
Support in-kind	413,427	-	413,427	349,812
Contributions	49,545	-	49,545	143,764
Other income	29,372	-	29,372	148,480
Total revenues, grants, and other support	15,256,383	57,769	15,314,152	13,097,612
EXPENSES:				
Program services:				
Head start	6,848,517	-	6,848,517	5,895,999
Child and adult care food program	599,880	-	599,880	522,183
Home weatherization assistance program	1,423,973	-	1,423,973	1,392,461
Home energy assistance program	856,524	-	856,524	993,701
Community services block grant	573,413	-	573,413	573,135
Mobility management	110,430	-	110,430	82,185
Coronavirus aid, relief, and economic security	2,928	-	2,928	448,664
Miscellaneous corporate	3,382,361	-	3,382,361	1,746,313
Total program services	13,798,026	-	13,798,026	11,654,641
Supporting services				
Management and general	1,328,328	-	1,328,328	1,231,764
Total expenses	15,126,354	-	15,126,354	12,886,405
Change in net assets	130,029	57,769	187,798	211,207
NET ASSETS, beginning of year	2,251,440	31,376	2,282,816	2,071,609
NET ASSETS, end of year	\$ 2,381,469	\$ 89,145	\$ 2,470,614	\$ 2,282,816

The accompanying notes are an integral part of these financials.

COMMUNITY ACTION WAYNE/MEDINA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	PROGRAM SERVICES								
	Totals	Head Start	CACFP	HWAP	HEAP	CSBG	MM	CARES	Misc. Corporate
Salaries and wages	\$ 4,512,654	\$ 3,339,256	\$ 228,380	\$ 249,274	\$ 222,412	\$ 186,296	\$ 72,144	\$ 2,928	\$ 211,964
Employee benefits	1,812,514	1,372,985	91,249	101,834	86,263	75,259	30,757	-	54,167
Total salaries, wages, and employee benefits	6,325,168	4,712,241	319,629	351,108	308,675	261,555	102,901	2,928	266,131
In-kind donations	690,873	690,873	-	-	-	-	-	-	-
Professional and consulting	87,108	49,296	1,192	2,100	10,891	12,699	-	-	10,930
Travel and education	315,189	297,185	3,462	1,495	2,510	3,752	1,899	-	4,886
Occupancy	809,493	448,973	5,178	6,651	40,607	30,720	974	-	276,390
Supplies	566,142	287,958	32,946	4,009	6,518	6,637	1,010	-	227,064
Office	31,378	21,594	144	715	1,487	1,189	1,252	-	4,997
Telephone and internet	102,881	80,207	186	5,035	6,077	8,786	1,139	-	1,451
Equipment rent, purchases, and maintenance	138,968	99,429	8,971	7,896	12,374	3,774	240	-	6,284
Staff related	12,828	12,019	-	-	70	370	-	-	369
Insurance	29,817	22,504	-	4,468	445	2,031	47	-	322
Program service	4,515,800	24,027	228,172	1,036,656	463,895	235,014	185	-	2,527,851
Depreciation and amortization	134,653	102,211	-	2,606	2,946	5,137	473	-	21,280
Interest	37,167	-	-	1,234	29	1,749	310	-	33,845
Miscellaneous	561	-	-	-	-	-	-	-	561
Total expenses	<u>\$ 13,798,026</u>	<u>\$ 6,848,517</u>	<u>\$ 599,880</u>	<u>\$ 1,423,973</u>	<u>\$ 856,524</u>	<u>\$ 573,413</u>	<u>\$ 110,430</u>	<u>\$ 2,928</u>	<u>\$ 3,382,361</u>

The accompanying notes are an integral part of these financials.

COMMUNITY ACTION WAYNE/MEDINA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	PROGRAM SERVICES								
	Totals	Head Start	CACFP	HWAP	HEAP	CSBG	MM	CARES	Misc. Corporate
Salaries and wages	\$ 4,132,733	\$ 2,925,992	\$ 206,232	\$ 228,829	\$ 269,191	\$ 219,066	\$ 52,349	\$ 5,077	\$ 225,997
Employee benefits	1,683,615	1,037,148	67,627	81,253	90,150	77,952	18,603	(830)	311,712
Total salaries, wages, and employee benefits	5,816,348	3,963,140	273,859	310,082	359,341	297,018	70,952	4,247	537,709
In-kind donations	349,811	349,811	-	-	-	-	-	-	-
Professional and consulting	43,740	15,817	1,124	2,772	8,316	4,032	-	-	11,679
Travel and education	205,247	161,043	-	5,985	3,140	7,051	4,571	-	23,457
Occupancy	892,495	715,318	3,075	6,743	29,361	37,730	763	-	99,505
Supplies	416,985	335,911	34,208	(1,771)	3,112	20,515	1,791	-	23,219
Office	66,821	47,936	-	904	2,365	6,808	1,298	-	7,510
Telephone and internet	103,715	71,611	-	4,628	6,827	11,230	855	-	8,564
Equipment rent, purchases, and maintenance	214,755	39,944	5,384	146,371	11,467	7,555	877	-	3,157
Staff related	16,193	10,973	-	-	1,810	1,516	333	-	1,561
Insurance	24,859	18,263	-	4,390	345	1,712	39	-	110
Program service	3,346,743	67,056	204,533	908,273	564,196	170,384	39	444,417	987,845
Depreciation and amortization	117,109	99,176	-	2,960	3,347	5,835	537	-	5,254
Interest	38,826	-	-	1,124	74	1,749	130	-	35,749
Total expenses	<u>\$ 11,654,641</u>	<u>\$ 5,895,999</u>	<u>\$ 522,183</u>	<u>\$ 1,392,461</u>	<u>\$ 993,701</u>	<u>\$ 573,135</u>	<u>\$ 82,185</u>	<u>\$ 448,664</u>	<u>\$ 1,746,313</u>

The accompanying notes are an integral part of these financials.

COMMUNITY ACTION WAYNE/MEDINA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

MANAGEMENT AND GENERAL

	2023	2022
Salaries and wages	\$ 618,969	\$ 547,491
Employee benefits	252,581	196,275
Total salaries, wages, and employee benefits	871,550	743,766
Professional and consulting fees	130,370	113,267
Travel and education	25,209	23,843
Occupancy	60,537	95,153
Supplies	34,204	64,129
Office	38,964	29,945
Telephone and internet	61,214	67,255
Equipment rent, purchases, and maintenance	27,931	22,158
Staff related	1,586	4,299
Insurance	35,455	33,140
Depreciation and amortization	5,335	15,228
Interest	35,973	19,581
Total expenses	\$ 1,328,328	\$ 1,231,764

The accompanying notes are an integral part of these financials.

COMMUNITY ACTION WAYNE/MEDINA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 187,798	\$ 211,207
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation and amortization	139,988	132,337
Net change in investments	(8,152)	13,625
Gain on disposal of assets	-	(6,150)
Non-cash lease expense	135,031	138,087
Decrease (increase) in assets:		
Program grants receivable	(163,089)	(1,300)
Prepaid expenses	11,184	81,506
Inventory	3,102	1,445
Increase (decrease) in liabilities		
Accounts payable	187,691	225,970
Accrued expense	(1,063)	41,789
Accrued and withheld payroll taxes	(4,591)	(11,356)
Deferred support	(229,003)	(412,711)
Operating lease liability	(135,031)	(138,087)
	<u>123,865</u>	<u>276,362</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for purchase of property and equipment	(697,156)	-
Proceeds from sale of assets	-	6,150
	<u>(697,156)</u>	<u>6,150</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(85,346)	(83,029)
	<u>(85,346)</u>	<u>(83,029)</u>
Net change in cash and cash equivalents	(658,637)	199,483
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,258,232</u>	<u>2,058,749</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,599,595</u>	<u>\$ 2,258,232</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW		
Cash paid during the year for interest	<u>\$ 73,140</u>	<u>\$ 58,407</u>

The accompanying notes are an integral part of these financials.

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Community Action Wayne/Medina (CAW/M or the Organization) 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 statements 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 Standards Board in its Codification FASB ASC 958 “*Not-for-Profit Entities: Presentation of Financial Statement of Not-for-Profit Entities*” which requires CAW/M to report information regarding its financial position and activities according to two classes of net assets: *net assets without donor restrictions* – net assets that are not subject to donor imposed restrictions and which CAW/M can use for its daily operations; and *net assets with donor restrictions* – 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.

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.

Revenue and Support Recognition

In accordance with Topic 606, the Organization recognizes revenue when its customers obtain control of promised goods or services in an amount that reflects the consideration for which the Organization expects to receive in exchange for those goods or services.

To determine revenue recognition for the arrangements that the Organization determines are within the scope of Topic 606, the Organization performs the following 5 steps:

- Identify the contract(s) with a customer;
- Identify the performance obligation is in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;
- Recognize revenue when (or as) the entity satisfies a performance obligation.

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO THE FINANCIAL STATEMENTS

Contributions

The Organization receives contributions from individuals, corporations, and other charitable organizations. Contributions are recognized as revenue, at fair value, on the earlier of the receipt of cash and an unconditional promise to give. Contributions which impose restrictions that are met in the same fiscal year the contribution is received are reported as increases in net assets without donor restrictions. Expirations of donor restrictions (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) in subsequent years are reported as "Net assets released from restrictions" in the statements of activities and changes in net assets.

Program Revenue

CAW/M received grant funding from various agencies to fund services provided to the community. Performance obligations under each contract are defined in terms of various performance indicators. Revenue for these services is recorded when the service has been provided as determined by the satisfactory completion of the defined performance indicators.

Social Enterprise

The Organization receives funding for the installation of certain utility related items. CAW/M outsources the installation to a third-party, pays the subcontractor, and receives a flat fee for the service from the granting agency. The difference between the contract fee and what is funded by the agency is recognized as revenue. Revenue from government contracts is recognized when allowable and reimbursable expenditures are incurred, and upon meeting the legal or contractual requirements of the funding source.

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 that are not recognized as contributions in the financial statements since the recognition criteria were not met.

The Organization also receives in-kind rent contributions. See Note 8.

CAW/M recognizes revenue as a transfer of assets in accordance with ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which applies to all entities who receive or make contributions. The core principles of ASU 2018-08 clarifies whether a transfer of assets is a contribution or an exchange transaction as well as whether a contribution is conditional or unconditional.

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.

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO THE FINANCIAL STATEMENTS

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, CAW/M considers all highly liquid debt instruments purchased with a maturity of three months or less (other than those in the investment funds) to be cash equivalents. Money market investments and certificates of deposit are considered to be part of investment activity and not cash equivalents.

Program Grants and Other Receivables

The Organization operates as a charitable non-profit organization and its accounts receivable are primarily derived from program grants and other receivables. Effective January 1, 2023, at each balance sheet date, the Organization recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions and reasonable and supportable forecasts regarding future events.

The allowance for credit losses was \$0 as of December 31, 2023 and 2022, as the Organization deemed the receivables fully collectible.

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 and amortization are 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.

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 herein.

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO THE FINANCIAL STATEMENTS

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.

Advertising

The cost of advertising is expensed as it is incurred. Advertising expense for the years ending December 31, 2023 and 2022 was \$90 and \$2,773, respectively.

Leases

The Organization determines if a contract contains a lease when the contract conveys the right to control the use of identified assets for a period in exchange for consideration. Upon identification and commencement of a lease, the Organization establishes a right of use (ROU) asset and a lease liability. Operating leases, if any, are included in current portion of operating lease liability and operating lease liability, net of current portion on the accompanying statements of financial position. Finance leases, if any, are included in property and equipment, current portion of lease liabilities – finance leases and lease liabilities – finance leases.

The total lease term is determined by considering the initial term per the lease agreement, which is adjusted to include any renewal options that the Organization is reasonably certain to exercise as well as any period that the Organization has control over the asset before the stated initial term of the agreement. If the Organization determines a reasonable certainty of exercising termination or early buyout options, then the lease terms are adjusted to account for these facts. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization does not separate non-lease components from lease components. This election has been made to significantly reduce the administrative burden, which would be imposed on the Organization.

The Organization uses the risk-free rate as the discount rate for all classes of underlying assets when the interest rate is not implicitly or explicitly stated in the lease agreement at commencement date.

The Organization does not recognize ROU assets and lease liabilities for leases with a term of 12 months or less.

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO THE FINANCIAL STATEMENTS

Adoption of New Accounting Standard

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which (1) significantly changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model and (2) provides for recording credit losses on available for sale debt securities through an allowance account. The update requires credit losses on most financial assets measured at amortized cost and certain other instruments to be measured using an expected credit loss model. The guidance is effective for the Organization beginning January 1, 2023, with earlier adoption permitted.

The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Functional Expense Allocations

Expenses are charged to functional areas based on specific identification when possible. Expenses that cannot be specifically identified to a function are allocated to the functional areas based on factors such as direct relationship of expense, time spent by employees and square footage of space used for various programs.

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 to the date of the financial statements the Organization became the full owner of CAWM Development, LLC, a for-profit company whose primary objective is to purchase older or abandoned homes in Wayne and Medina counties, renovate those homes, and re-sell them back to community members. The Organization will serve to aid low-income residents in purchasing homes.

Subsequent events have been evaluated through September 27, 2024 which is the date the financial statements were available to be issued.

NOTE 2: CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalent balances in multiple financial institutions. Deposits in interest-bearing and non-interest-bearing accounts are collectively insured by the Federal Deposit Insurance Corporation (“FDIC”) up to a coverage limit of \$250,000 at each FDIC-insured depository institution. As a result, CAW/M had balances that exceed the insured limit.

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: PROPERTY AND EQUIPMENT

An allocation of fixed assets by program is as follows:

	2023	2022
Home weatherization assistance program	\$ 14,044	\$ 14,044
Head start	1,529,238	1,096,997
Agency	2,490,409	2,490,409
	<u>4,033,691</u>	<u>3,601,450</u>
Less: accumulated depreciation and amortization	(1,079,204)	(939,215)
Total	<u>\$ 2,954,487</u>	<u>\$ 2,662,235</u>

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 was \$139,988 and \$132,337, respectively.

NOTE 4: 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 \$72,592 and \$64,440 at December 31, 2023 and 2022, respectively, as follows:

	2023	2022
Balance at the beginning of the year	\$ 64,440	\$ 78,065
Interest	18	3
Dividends	2,622	1,399
Realized gains (losses)	964	2,646
Unrealized (losses) gains	4,837	(17,298)
Administrative fees	(289)	(375)
Total	<u>\$ 72,592</u>	<u>\$ 64,440</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.

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO THE FINANCIAL STATEMENTS

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, 2023.

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

<u>Investment Type</u>	<u>Assets at Fair Value as of December 31, 2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
WCCF Investment	\$ -	\$ -	\$ 72,592	\$ 72,592
Total	\$ -	\$ -	\$ 72,592	\$ 72,592

<u>Investment Type</u>	<u>Assets at Fair Value as of December 31, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
WCCF Investment	\$ -	\$ -	\$ 64,440	\$ 64,440
Total	\$ -	\$ -	\$ 64,440	\$ 64,440

NOTE 5: LONG-TERM DEBT

Long term debt consists of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
PNC Bank – Note of \$250,000 payable in monthly payments including principal and interest of \$2,698.14 at an interest rate of 5.30% and matures October 30, 2024.	\$ 121,449	\$ 144,515
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% at matures December 22, 2024.	<u>1,006,934</u>	<u>1,068,765</u>
Total debt	1,127,934	1,213,280
Less: current portion	<u>(1,127,934)</u>	<u>(88,940)</u>
Long-term portion	<u>\$ -</u>	<u>\$ 1,124,340</u>

Principal requirements on the long-term debt for years ending after December 31, 2023 are as follows:

2024	\$ 1,127,934
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The Organization has communicated with PNC Bank and plan to refinance the debt agreements, as of the date of this report, there has been no formal agreement made.

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: DEFERRED SUPPORT

Deferred support of \$1,187,421 and \$1,416,424 represents amounts paid by grantors that have not been expended as of December 31, 2023 and 2022, respectively, and are recognized when expenses are incurred through the grants providing the funds.

NOTE 7: 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.

NOTE 8: DONATED SERVICES, MATERIALS AND FACILITIES

Support in-kind of \$413,427 and \$349,812 are included in the accompanying financial statements at the estimated fair value of those items for the years ended December 31, 2023 and 2022, 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 \$1,873,279 and \$1,930,656 for December 31, 2023 and 2022, respectively.

	<u>2023</u>	<u>2022</u>
In-kind rent contributions	\$ 387,406	\$ 299,991
Services	26,021	44,795
Goods and materials	<u>-</u>	<u>5,026</u>
Total support in-kind	<u>413,427</u>	<u>349,812</u>
Donated volunteer time	<u>1,873,279</u>	<u>1,930,656</u>
Total donated services, materials, and facilities	<u>\$ 2,286,706</u>	<u>\$ 2,280,468</u>

NOTE 9: LEASES

Community Action Wayne/Medina leases its Medina office location under a long-term operating lease expiring October 31, 2026. The annual rent is increased on the lease anniversary date, as determined by the change in the Consumer Price Index along with other factors.

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO THE FINANCIAL STATEMENTS

Five child development centers are leased under long-term operating leases expiring in 2022-2027. CAW/M also rented additional space in its Brunswick center, and warehouse space in its Rittman center.

Three other child development centers are leased for periods from 2022-2027, with renewals of periods of one year until either party terminates. Rent for the three child development centers is via in-kind donations with the only expense to the Organization being for utilities.

Lease expense for the years ending December 31, 2023 and 2022 was \$137,753 and \$143,422, respectively.

Supplemental cash flow information related to leases was as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 135,031	\$ 138,087
ROU assets obtained in exchange for operating lease liabilities	\$ 421,434	\$ 520,868

Supplemental balance sheet information related to leases was as follows:

	<u>2023</u>	<u>2022</u>
Operating leases		
Operating lease ROU assets	\$ 421,434	\$ 520,868
Operating lease ROU assets accumulated amortization	<u>(135,031)</u>	<u>(138,087)</u>
Operating lease ROU assets, net	<u>\$ 286,403</u>	<u>\$ 382,781</u>
Operating lease current liabilities	\$ 125,539	\$ 140,840
Operating lease non-current liabilities	<u>160,864</u>	<u>241,941</u>
	<u>\$ 286,403</u>	<u>\$ 382,781</u>

Other information:

Weighted-average remaining lease term in years for operating leases	2.44	3.14
Weighted-average discount rate for operating leases	2.41 %	1.20 %

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO THE FINANCIAL STATEMENTS

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, 2023:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 130,878
2025	104,375
2026	57,167
2027	<u>2,722</u>
Total future minimum lease payments	\$ 295,142
Less imputed interest	<u>(8,739)</u>
Total present value of lease liabilities	<u>\$ 286,403</u>

NOTE 10: 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 3% of an eligible employee's gross salary following completion of minimum service requirements. In addition, if the employee contributes at least 3%, the Organization will contribute an additional 3% match. Plan expense was \$279,767 and \$259,652 for the years ending December 31, 2023 and 2022, respectively.

NOTE 11: NET ASSETS

Net assets with donor restrictions are as follows:

	<u>2023</u>	<u>2022</u>
Purpose restriction	<u>\$ 89,145</u>	<u>\$ 31,376</u>

The donor-restricted net assets at December 31, 2023 and 2022 are restricted for use within the Getting Ahead, Transportation, and Food Pantry programs.

NOTE 12: LIQUIDITY AND AVAILABILITY

The following reflects CAW/M's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

Cash and cash equivalents	\$ 1,599,595
Program grants receivable	<u>526,546</u>
	2,126,141
Less: contractual or donor-imposed restrictions	<u>(89,145)</u>
Amounts available to meet cash needs for general expenditures within one year	<u>\$ 2,036,996</u>

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO THE FINANCIAL STATEMENTS

Included within the amounts available to meet cash needs for general expenditures within one year are amounts received through federal, state, and local grants. These amounts are available for use as specified in the grant agreements. Unspent amounts, if any, are to be returned to the grantor at the end of the grant period.

CAW/M has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

CAW/M has board designated funds of \$300,000 as of December 31, 2023. Although CAW/M does not intend to spend from its board designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the board designated operating reserve could be made available if necessary.

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, 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 (*Government Auditing Standards*), the financial statements of Community Action Wayne/Medina (the “Organization”), which comprise the statement of financial position as of December 31, 2023, 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, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Wooster, Ohio
September 27, 2024

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

To the Board of Directors of
Community Action Wayne/Medina
Wooster, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Action Wayne/Medina’s (the “Organization”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization’s major federal programs for the year ended December 31, 2023. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

Community Action Wayne/Medina
Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001, to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Rea & Associates, Inc.

Rea & Associates, Inc.
Wooster, Ohio
September 27, 2024

COMMUNITY ACTION WAYNE/MEDINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Federal/Pass-Through Grant Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Health and Human Services				
Head Start Cluster				
<i>Direct Programs</i>				
COVID-19 - Head Start - American Rescue Plan	93.600	2123 05HE000713-01-01	\$ 260,755	\$ -
Head Start One-Time Funds	93.600	2122-43 05CH011946-02-02	55,429	-
Head Start - 2023	93.600	2122-43 05CH011946-02-02	1,061,208	-
Head Start - 2024	93.600	2122-43 05CH011946-03-02	6,290,224	-
Total Head Start Cluster			7,667,616	-
Low-Income Home Energy Assistance				
<i>Passed through Ohio Department of Development</i>				
Home Energy Assistance (HEAP)	93.568	HEAP-2023-148	293,651	-
Home Energy Assistance (HEAP)	93.568	HEAP-2024-148	163,945	-
Home Energy Assistance (HEAP)	93.568	WCP-2024-148	114,024	-
Home Energy Assistance (HEAP)	93.568	WCP-2023-148	223,527	-
Home Energy Assistance (HEAP)	93.568	SCP-2023-148	275,559	-
Home Weatherization Assistance (HWAP)	93.568	23-HE-132	243,204	-
Home Weatherization Assistance (HWAP)	93.568	22-HE-132	217,506	-
Home Weatherization Assistance (HWAP)	93.568	23-132	253,237	-
Home Weatherization Assistance (HWAP)	93.568	22-132	294,949	-
Low-Income Household Water Assistance Program (LIHWAP)	93.568	LIHWAP 2021-148	198,637	-
Total HEAP/HWAP			2,278,239	-
Community Services Block Grant				
<i>Passed through Ohio Department of Development</i>				
Community Services Block Grant (CSBG)	93.569	2022-2023-38	475,145	-
Total CSBG			475,145	-
Total U.S. Department of Health and Human Services			10,421,000	-
U.S. Department of Treasury				
<i>Direct Programs</i>				
COVID-19 - Emergency Rental Assistance	21.023	ARPAHRG-2022-38	1,613,111	-
Total Emergency Rental Assistance			1,613,111	-
Total U.S. Department of Treasury			1,613,111	-
U.S. Department of Energy				
Weatherization Assistance for Low-Income Persons				
<i>Passed through Ohio Department of Development</i>				
HWAP Readiness	81.042	23-HR-132	24,431	-
HWAP Readiness	81.042	22-HR-132	15,084	-
Home Weatherization Assistance (HWAP)	81.042	23-132	197,852	-
Home Weatherization Assistance (HWAP)	81.042	22-132	177,158	-
Total HWAP			414,525	-
Total U.S. Department of Energy			414,525	-
U.S. Department of Agriculture				
<i>Direct Programs</i>				
Child and Adult Care Food Program (CACFP)	10.558		42,657	-
Child and Adult Care Food Program (CACFP)	10.558	95570	197,609	-
Total Child and Adult Care Food Program			240,266	-
Total U.S. Department of Agriculture			240,266	-
U.S. Department of Transportation				
Transit Services Programs Cluster				
<i>Passed through Ohio Department of Transportation</i>				
5310 Program Specialized Transportation	20.513	SPEC-0188-058-221	136,902	-
5310 Program Mobility Manager 2023	20.513	OCPX-0188-004-231	127,699	-
5310 Program Mobility Manager 2022	20.513	OCPX-0188-038-210	5,637	-
Total Transit Services Programs Cluster			270,238	-
Total U.S. Department of Transportation			270,238	-
Total Expenditures of Federal Awards			\$ 12,959,140	\$ -

COMMUNITY ACTION WAYNE/MEDINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Community Action Wayne/Medina (the “Organization”) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C – INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

COMMUNITY ACTION WAYNE/MEDINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR SECTION 200.515
DECEMBER 31, 2023

1. SUMMARY OF AUDITOR’S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes – 2023-001
(d)(1)(v)	Type of Major Programs’ Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes – 2023-001
(d)(1)(vii)	Major Programs (list): COVID-19 Head Start Cluster COVID-19 Emergency Rental Assistance	AL #93.600 AL #21.023
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None were noted.

COMMUNITY ACTION WAYNE/MEDINA

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR SECTION 200.515
DECEMBER 31, 2023*

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

2023-001	
Federal Program:	Emergency Rental Assistance ALN: 21.023
Compliance Requirement:	Eligibility
Awarding Agency:	U.S. Department of Treasury
Criteria or Specific Requirement:	As part of the Organization's process for approving applications for rental assistance, the Organization reviews the Customer State Application and approves the application by signing the form.
Condition:	There were two instances identified in which the Customer State Application was not signed by an individual at the Organization.
Cause:	The Organization was tasked with administering Emergency Rental Assistance funds to assist eligible individuals with rental and utility payments. With the amount of funding received, a large volume of applications needed to be reviewed by Organization personnel and, if eligible, approved for funding. Due to the number of applications, physical signatures from Organization personnel to denote the application approval may have been overlooked.
Effect:	Applications that were approved for funding assistance may not have received appropriate review from Organization personnel, potentially resulting in ineligible applicants receiving funding.
Questioned costs:	None
Context:	Of the 40 selections tested for eligibility, two of them had Customer State Applications that did not have a signature of an individual at the Organization. While these applications may have been appropriately reviewed, there was no physical signature to denote that review.
Recommendation:	The Organization should review its procedures to ensure applications are appropriately reviewed and, if applicable, approved.
Views of responsible officials:	See Corrective Action Plan



Community Action Wayne/Medina

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Medina Office: 799 N. Court Street, Medina Ohio 44256

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CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

December 31, 2023

Finding Number:	2023-001
Planned Corrective Action:	The ERA program was a temporary program as part of the American Rescue Plan Act and there will not be expenditures for this program going forward therefore corrective action is not necessary.
Anticipated Completion Date:	9/23/24
Responsible Contact Person:	N/A