

PICKAWAY COUNTY COMMUNITY ACTION
ORGANIZATION, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2017

TIDWELL
 **group**

Pickaway County Community Action Organization, Inc.

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	2
CONSOLIDATED FINANCIAL STATEMENTS:	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENT OF ACTIVITIES	5
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	6
CONSOLIDATED STATEMENT OF CASH FLOWS	7
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION:	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	16
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	19
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	23



INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Pickaway County Community Action Organization, Inc. and Subsidiary
Circleville, Ohio

We have audited the accompanying consolidated financial statements of Pickaway County Community Action Organization, Inc. and Subsidiary (“Organization”) which comprise the consolidated statement of financial position as of December 31, 2017 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2017 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 June 25, 2018 on our consideration of Pickaway County Community Action Organization, Inc. and Subsidiary's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Pickaway County Community Action Organization, Inc. and Subsidiary's internal control over financial reporting and compliance.

Tidwell Group, LLC

Columbus, Ohio
June 25, 2018

Pickaway County Community Action Organization, Inc.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 893,701
Grants and accounts receivable	368,396
Inventory	2,274
Prepaid assets	21,978
Total current assets	<u>1,286,349</u>

PROPERTY AND EQUIPMENT, NET	<u>2,706,335</u>
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TOTAL ASSETS	<u><u>\$ 3,992,684</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Mortgages and notes payable, current portion	\$ 293,901
Accounts payable and accrued expenses	302,482
Accrued payroll and related expenses	60,345
Accrued vacation	72,503
Refundable advances	190,559
Security deposits	41,042
Total current liabilities	<u>960,832</u>

LONG TERM LIABILITIES

Line of credit	160,661
Mortgages and notes payable, long-term portion	<u>633,459</u>

Total liabilities	<u>1,754,952</u>
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NET ASSETS

Unrestricted	2,029,294
Temporarily restricted	208,438
Total net assets	<u>2,237,732</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,992,684</u></u>
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See Notes to Consolidated Financial Statements.

Pickaway County Community Action Organization, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2017

CHANGES IN UNRESTRICTED NET ASSETS

Revenues and reclassifications

Grant revenue	\$ 4,483,907
Program revenue	502,150
Rental income	673,939
In-kind contributions	372,336
Other income	124,039
Total unrestricted revenues	<u>6,156,371</u>

NET ASSETS RELEASED FROM TEMPORARY RESTRICTIONS

Satisfaction of program restrictions	<u>20,352</u>
Total unrestricted revenues and other support	<u>6,176,723</u>

EXPENSES

Head Start	2,966,364
Community services	1,021,753
Home improvement/ housing	250,350
Emergency services	729,362
Total program activities	<u>4,967,829</u>
Corporate rental activities	752,550
Fundraising	41,080
Agency	16,376
General and admin	467,168
Total unrestricted expenses and losses	<u>6,245,003</u>

CHANGE IN UNRESTRICTED NET ASSETS (68,280)

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Grant revenue	55,748
Net assets released from tempoary restrictions	<u>(20,352)</u>
Change in tempoarily restricted net assets	35,396

CHANGE IN NET ASSETS (32,884)

NET ASSETS, BEGINNING OF YEAR

Unrestricted	2,097,574
Temporarily restricted	173,042
	<u>2,270,616</u>

NET ASSETS, END OF YEAR

Unrestricted	2,029,294
Temporarily restricted	208,438
	<u>\$ 2,237,732</u>

See Notes to Consolidated Financial Statements.

Pickaway County Community Action Organization, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2017

	EARLY CHILDHOOD PROGRAMS	COMMUNITY SERVICES	HOME IMPROVEMENT/ HOUSING	EMERGENCY SERVICES	CORPORATE RENTAL ACTIVITIES	FUNDRAISING	AGENCY	TOTAL PROGRAM	GENERAL AND ADMINISTRATIVE	TOTAL
Salaries and wages	\$ 1,380,503	\$ 570,543	\$ 58,837	\$ 192,723	\$ 170,367	\$ 542	\$ 19,514	2,393,029	\$ 229,910	\$ 2,622,939
Benefits and taxes	308,144	106,163	12,590	45,307	38,841	127	2,473	513,645	54,044	567,689
Depreciation	30,482	-	-	1,058	191,375	1,879	44,767	269,561	-	269,561
Rent and utilities	63,066	41,623	3,843	71,130	126,239	2,895	(136,822)	171,974	67,391	239,365
Contract services	87,663	27,657	120,822	2,093	-	-	32,493	270,728	15,115	285,843
Materials and supplies	366,082	2,827	42,780	14,695	106,672	29,759	65,697	628,512	13,793	642,305
Maintenance and equipment	123,480	123,490	1,089	15,605	1,540	169	(63,403)	201,970	8,103	210,073
Direct assistance	-	6,219	-	339,159	-	-	1,417	346,795	-	346,795
Insurance	16,689	21,147	2,377	4,302	31,246	96	11,608	87,465	13,914	101,379
Travel and conference	60,747	917	2,767	5,900	545	-	500	71,376	15,944	87,320
In-kind expense	371,033	-	1,303	-	-	-	-	372,336	-	372,336
Interest expense	5,697	-	-	-	34,961	-	7,100	47,758	-	47,758
Other expense	132,322	49,496	3,718	35,698	7,704	5,464	30,414	264,816	31,354	296,170
Gas/ oil	20,456	71,671	224	1,696	-	45	-	94,092	-	94,092
Property taxes	-	-	-	(4)	43,060	104	618	43,778	-	43,778
Professional services	-	-	-	-	-	-	-	-	17,600	17,600
	<u>\$ 2,966,364</u>	<u>\$ 1,021,753</u>	<u>\$ 250,350</u>	<u>\$ 729,362</u>	<u>\$ 752,550</u>	<u>\$ 41,080</u>	<u>\$ 16,376</u>	<u>\$ 5,777,835</u>	<u>\$ 467,168</u>	<u>\$ 6,245,003</u>

See Notes to Consolidated Financial Statements.

Pickaway County Community Action Organization, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (32,884)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	269,561
Effects of changes in operating assets and liabilities:	
Grants and accounts receivable	33,203
Inventory	3,375
Prepaid expenses	3,890
Accounts payable and accrued expenses	92,320
Accrued payroll and related expenses	(10,800)
Accrued vacation	1,759
Refundable advances	(86,043)
Security deposits	956
Net cash provided by operating activities	<u>275,337</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(82,599)</u>
Net cash used in investing activities	<u>(82,599)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Draws on line of credit, net	(9,900)
Principal payments on mortgages and notes payable	<u>(302,607)</u>
Net cash provided by financing activities	<u>(312,507)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

	(119,769)
Cash and cash equivalents at beginning of year	<u>1,013,470</u>
Cash and cash equivalents at end of year	<u>\$ 893,701</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest paid	<u>\$ 47,758</u>
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NON CASH INVESTING ACTIVITIES

Purchase of property and equipment with mortgages and notes payable	<u>\$ 490,885</u>
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See Notes to Consolidated Financial Statements.

Pickaway County Community Action Organization, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Pickaway County Community Action Organization, Inc. (“PICCA”) was organized as a nonprofit corporation in 1965. The Organization was formed to develop and provide resources for the purpose of assisting low-income individuals in Pickaway County, Ohio, through a variety of programs. PICCA is primarily supported through federal and state government grants. Approximately 62% of the PICCA’s grant revenue was provided under Head Start grants by the federal government.

In 2016, PICCA formed Everts Hill Housing, LLC to be a co-general partner in Everts Hill Limited Partnership, an affordable housing partnership which is a wholly-owned subsidiary.

Basis of presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Principles of consolidation

For financial reporting purposes, the consolidated financial statements include the accounts of PICCA and its wholly-owned subsidiary (the “Organization”). All material intercompany transactions and accounts are eliminated in consolidation.

Classifications of net assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets consist of property and equipment, net of related debt for their Head Start program which has purpose restrictions. Temporarily restricted net assets total \$208,438 as of December 31, 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Year ended December 31, 2017

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization does not currently have permanently restricted net assets.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Revenue recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Revenue from grants is recognized according to the specific agreement. Generally, revenues from restricted grants are recognized in the period of the grant award while revenues from cost reimbursement contracts are recognized to the extent of project expenses incurred. If the restriction expires in the same accounting period as the contribution is received, the revenue is shown as unrestricted. Grants and contracts are subject to audit by the awarding agency.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Year ended December 31, 2017

A. Grant awards that are contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as refundable advances.

B. Grant awards that are exchange transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Rental income

Rental income is recognized as rents become due. Rental payments received in advances are deferred until earned. All leases between the Organization and its tenants are typically one year or less.

Cash and cash equivalents

Cash and cash equivalents consist of cash in operating bank accounts and money market accounts.

Grants and accounts receivable

Accounts receivable consist of amounts billed under grant and performance contracts. Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. The Organization considers these receivables to be collectible and therefore, no allowance for uncollectible amounts has been recorded. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and equipment

Property and equipment purchased are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful life of the asset. The Organization considers property and equipment to be items with a cost of \$5,000 or more and a useful life of over one year. Maintenance and repairs which do not improve or extend the useful lives of the respective assets are recorded as expenses as incurred. The carrying amount of the assets sold, retired, or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in the statement of activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Year ended December 31, 2017

Property and equipment purchased with grant funds are owned by PICCA while used in the program for which they purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Their disposition, as well as the ownership of any related proceeds, is subject to funding source regulations. The property and equipment purchased with grant funds is normally restricted for use in specific programs operated by PICCA. PICCA has a policy of implying a time restriction on assets purchased with grant award contributions. Grant-funded property and equipment are recorded as restricted support. As the property and equipment are depreciated, the temporarily restricted net assets are released from restriction and reported in the statement of activities as net assets released from restriction. At December 31, 2017, the net book value of temporary restricted property and equipment totaled \$208,438.

Refundable Advances

The Organization receives conditional grant awards from various funding sources. The unexpended portion is reported as refundable advances until they are spent for the purpose of the grants.

Donated services and facilities

Donated services and facilities are measured at fair values as determined by management in the statement of activities as revenue and expenses in the period they are received. During the year ended December 31, 2017, PICCA received approximately \$372,000 of such contributions primarily for the Head Start program. In addition, PICCA received contributions of nonprofessional volunteer services and supplies during the year with a fair value of approximately \$327,000 primarily for its Head Start program. The nonprofessional volunteer services and supplies are not reported in the statement of activities.

Nonconsolidated interest in partnership

The Organization, through its wholly-owned subsidiary, owns less than 1% interest in a limited partnership which operates one low income housing project. Based on various provisions in the partnership agreements, the co-general partner does not have exclusive control, therefore, the co-general partner's interest are accounted for under the cost method of accounting. The Organization's initial investment in this limited partnership is insignificant.

Pickaway County Community Action Organization, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Year ended December 31, 2017

Income taxes and uncertain tax positions

Pickaway County Community Action Organization, Inc. and its wholly-owned subsidiary are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to PICCA's tax-exempt purpose is subject to taxation as unrelated business income. PICCA's reporting returns are subject to audit by federal and state taxing authorities. No income tax provision has been included in the consolidated financial statements as PICCA has determined it does not have unrelated business income subject to taxation.

Cost allocation

Joint costs are allocated to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all organization programs, which cannot be readily identified with a final cost objective.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several banks. Balances in the bank accounts are insured by Federal Deposit Insurance Corporation ("FDIC") coverage up to \$250,000. At times during the year, balances in the banks may exceed insurance limits. Management believes the financial institutions have strong credit ratings and credit risk related to these deposits is minimal.

NOTE 3 – PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2017 is as follows:

Land and land improvements	\$ 549,674
Buildings and improvements	8,111,402
Vehicles	508,588
Equipment	206,105
Software	21,046
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	9,396,815
Less: accumulated depreciation	(6,690,480)
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	<u>\$ 2,706,335</u>

Pickaway County Community Action Organization, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Year ended December 31, 2017

NOTE 4 – MORTGAGES AND NOTES PAYABLE

Mortgage payable to The Savings Bank with interest at 4.99%. Monthly payments are \$9,611, with the outstanding balance due May 2047. The mortgage is collateralized by real estate of PICCA.	\$ 487,330
Mortgage payable to Vinton County Bank with interest at 6.62%. Monthly payments are \$1,755, with the outstanding balance due February 2024. The mortgage is collateralized by real estate of PICCA.	99,094
Mortgage payable to The Savings Bank with interest at 4.75%. Monthly payments are \$7,153, with the outstanding balance due March 2019. The mortgage is collateralized by real estate of PICCA.	106,600
Mortgage payable to The Savings Bank with interest at 4.75%. Monthly payments are \$3,613, with the outstanding balance due March 2019. The mortgage is collateralized by real estate of PICCA.	52,207
Mortgage payable to The Savings Bank with interest at 4.75%. Monthly payments are \$8,822, with the outstanding balance due March 2019. The mortgage is collateralized by real estate of PICCA.	125,339
Mortgage payable to The Savings Bank with interest at 4.75%. Monthly payments are \$3,156, with the outstanding balance due March 2019. The mortgage is collateralized by real estate of PICCA.	47,945
Note payable to The Savings Bank with interest at 4.99%. Monthly payments are \$996, with the outstanding balance due September 2018. The note is unsecured.	8,845
	<u>927,360</u>
Less: current portion	<u>(293,901)</u>
Mortgages and notes payable, long-term portion	<u><u>\$ 633,459</u></u>

Pickaway County Community Action Organization, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2017

Future maturities of the mortgages and note payable are as follows:

2018	\$ 293,901
2019	92,337
2020	24,804
2021	26,438
2022	28,095
Thereafter	461,785
Total mortgages and notes payable	<u>\$ 927,360</u>

There has been no significant change in interest rates available to PICCA. Therefore, the value of the mortgages and note payable approximate the book value.

NOTE 5 – DEFINED CONTRIBUTION PLAN

PICCA has a defined contribution pension plan. Employees are eligible to participate in the plan after 90 days of employment. Contributions to the plan are based on 100% of participants' contributions that do not exceed 4% of the employee's compensation. Benefit plan expense for the year ended December 31, 2017 totaled \$46,542.

NOTE 6 – LINE OF CREDIT

PICCA has a \$250,000 line of credit that matures April, 2021. The interest rate is calculated at 90% of the Prime Rate with a floor of 4%, therefore; interest as of December 31, 2017 is 4%. The line is secured by a second mortgage on the Administration Building. As of December 31, 2017, there was \$160,661 outstanding on the line of credit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Year ended December 31, 2017

NOTE 7 – COMMITMENTS AND CONTINGENCIES

PICCA participates in a number of federally assisted and state grant programs. These programs are subject to program compliance audits by the grantors and their representatives. Any disallowed costs may constitute a liability of PICCA.

NOTE 8 – SUBSEQUENT EVENTS

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management has evaluated the activity of Pickaway County Community Action Organization, Inc. and Subsidiary through June 25, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statement

Pickaway County Community Action Organization, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2017

Federal Grantor / Pass Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Ohio Department of Education:			
USDA Rural Development-(Head Start/Early Head Start USDA)	10.558	075465	\$ 85,036
USDA Rural Development-(Head Start/Early Head Start USDA)	10.558	075465	<u>32,423</u>
<i>Total U.S. Department of Agriculture</i>			<u>117,459</u>
<u>U.S. Department Of Housing and Urban Development</u>			
Passed through Fayette County Community Action, Inc.			
Emergency Shelter	14.231		<u>39,599</u>
<i>Total U.S. Department Of Housing and Urban Development</i>			<u>39,599</u>
<u>U.S. Department Of Transportation</u>			
Formula Grants for Other Than Urbanized Areas - RPT 4065 032122	20.509	116-RPTF-16-0100	265,000
Formula Grants for Other Than Urbanized Areas - RPT 0065 032122	20.509	116-RPTF-16-0100	40,000
Mobility Management	21.509	OCPX-0065-016-161	61,044
ODOT Tiger - TTGR-0116-036-16T	20.933	0116-TTGR-160100	<u>25,199</u>
<i>Total U.S. Department Of Transportation</i>			<u>391,243</u>
<u>U.S. Department Of Energy</u>			
Passed through Ohio Department Services Agency:			
HWAP-DOE-7/1/2016-6/30/2017	81.042	16-127	43,817
HWAP-DOE-7/1/2016-6/30/2018	81.042	17-127	39,787
OHTF	81.042	S-R-15-6BB-1	<u>38,382</u>
<i>Total U.S. Department Of Energy</i>			<u>121,986</u>
<u>U.S. Federal Emergency Management Agency</u>			
Emergency Food and Shelter	97.024		6,648
Emergency Food and Shelter	97.024		<u>4,685</u>
<i>Total U.S. Department Of Emergency Management Agency</i>			<u>\$ 11,333</u>

See Independent Auditor's Report and notes to the Schedule of Expenditures of Federal Awards.

Pickaway County Community Action Organization, Inc.

SCHEUDLE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

Year ended December 31, 2017

<u>Program or Cluster Title</u>	<u>Number</u>	<u>Identifying Number</u>	<u>Expenditures</u>
<u>Department Of Health And Human Services</u>			
Direct Programs:			
Head Start	93.600	05CH8479-03	\$ 1,747,892
Early Head Start	93.600	05CH8479-03	807,390
Head Start - Duration Start Up	93.600	05CH8479-03	194,173
Total Direct Programs			<u>2,749,455</u>
Passed Through Ohio Development Services Agency:			
Home Energy Assistance Program(HEAP Summer Crisis)	93.568	17-HC239	50,141
Home Energy Assistance Program(HEAP)-9/1/2016-8/31/2017	93.568	17-HA239	104,725
Home Energy Assistance Program(HEAP)-9/1/2017-8/31/2018	93.568	18-HA239	38,256
Home Energy Assistance Program(HEAP Winter Crisis)-11/1/2016-3/31/2017	93.568	17-HE239	143,294
Home Energy Assistance Program(HEAP Winter Crisis)-11/1/2017-3/31/2018	93.568	18-HE239	139,857
Home Energy Assistance Program(PIPP)-1/1/2017-12/31/2017	93.568	17-PA-139	9,813
HWAP-HHS-7/1/2016- 6/30/2017	93.568	16-127	49,048
HWAP-HHS-7/1/2017- 6/30/2018	93.568	17-127	29,549
Total			<u>564,683</u>
Passed Through Ohio Development Services Agency:			
Community Service Block Grant 1/1/2016-12/31/2017	93.569	1617-45	193,934
Total			<u>193,934</u>
Total Passed Through Ohio Development Services Agency			<u>758,617</u>
Passed Through Central Ohio Agency on Aging:			
Administration On Aging HRM-1/1/15-12/31/17	93.043	TITLE IIIB	7,385
<i>Total U.S. Department Of Health and Human Services</i>			<u>3,515,457</u>
<u>Department of Veterans Affairs</u>			
VA Contract	64.024	0733-OH	52,081
Men's Transitional Housing	64.024	VA250-15-D-0059	42,177
Women's and Family Transitional Housing	64.024	VA250-13-D-0097	81,910
VA GPD Bridge Housing	64.024	VA252-0420-538-BH-18-0	7,166
VA GPD Service Intensive	64.024	VA252-0383-538-SI-18-0	8,977
<i>Total U.S. Department Of Veterans Affairs</i>			<u>192,311</u>
<u>Internal Revenue Service</u>			
Volunteer Income Tax Assistance (VITA) 12/1/2015-4/30/2017	21.009	17VITA0140	11,985
<i>Total Internal Revenue Service</i>			<u>11,985</u>
Total Expenditures of Federal Awards			<u>\$ 4,401,373</u>

See Independent Auditor's Report and Notes to the Schedule of Expenditures of Federal Awards.

Pickaway County Community Action Organization, Inc. and Subsidiary

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Pickaway County Community Action Organization, Inc. ("PICCA") under programs of the federal government for the year ended December 31, 2017.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of PICCA, it is not intended to and does not present PICCA's financial position, changes in net assets, or cash flows.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Pickaway County Community Action Organization, Inc. has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.



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

Board of Directors
Pickaway County Community Action Organization, Inc. and Subsidiary
Circleville, Ohio

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pickaway County Community Action Organization, Inc. (a non-profit organization), which comprise the consolidated statement of financial position as of December 31, 2017 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 25, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pickaway County Community Action Organization, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pickaway County Community Action Organization, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Pickaway County Community Action Organization, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 or significant deficiencies. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pickaway County Community Action Organization, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 Pickaway County Community Action Organization, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pickaway County Community Action Organization, Inc.'s internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Tidwell Group, LLC

Columbus, Ohio
June 25, 2018



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

Board of Directors
Pickaway County Community Action Organization, Inc. and Subsidiary
Circleville, Ohio

Report on Compliance for Each Major Federal Program

We have audited Pickaway County Community Action Organization, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Pickaway County Community Action Organization, Inc.'s major federal programs for the year ended December 31, 2017. Pickaway County Community Action Organization, Inc.'s major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Pickaway County Community Action Organization, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs 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 compliance requirements referred to above that could have a material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about Pickaway County Community Action Organization, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the major programs. However, our audit does not provide a legal determination of Pickaway County Community Action Organization, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, the Pickaway County Community Action Organization, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of Pickaway County Community Action Organization, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 the Organization's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirements 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 the 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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Tidwell Group, LLC

Columbus, Ohio
June 25, 2018

Pickaway County Community Action Organization, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2017

Financial Statements

Type of auditor's report issued:	<u>unmodified</u>		
Internal control over financial reporting:			
Material weakness identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> No	
Noncompliance material to financial statements not	<u> </u> Yes	<u> X </u> No	

Federal Awards

Type of auditor's report issued on compliance for major programs:	<u>unmodified</u>		
Internal control over financial reporting:			
Material weakness identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> No	
Any audit findings disclosed that are required to be reported in accordance with CFR Section 200.516(a)?	<u> </u> Yes	<u> X </u> No	

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start
20.509	Formula Grants

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
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Pickaway County Community Action Organization, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2017

Financial Statements Findings

None noted.

Federal Award Findings and Questioned Costs

There were no findings or questioned costs relative to federal awards.

Prior Year Findings

There were no prior year findings.