

**PICKAWAY COUNTY COMMUNITY ACTION  
ORGANIZATION, INC.**

Financial Statements  
and Supplementary Information  
December 31, 2015  
with Independent Auditors' Report



**CLARK SCHAEFER HACKETT**  
STRENGTH IN NUMBERS

## TABLE OF CONTENTS

Independent Auditors' Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-12
Supplementary Information:	
Schedule of Expenditures of Federal Awards	13-14
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-16
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	17-18
Schedule of Findings and Questioned Costs	19-20

## **INDEPENDENT AUDITORS' REPORT**

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Pickaway County Community Action Organization, Inc. which comprise the statement of financial position as of December 31, 2015 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4449 easton way, ste. 400  
columbus, oh 43219

[www.cshco.com](http://www.cshco.com)  
p. 614.885.2208  
f. 614.885.8159

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015 and the changes in its net assets and its 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 financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 *U.S. Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016 on our consideration of Pickaway County Community Action Organization, Inc.'s internal control over financial reporting and on our tests of its 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.'s internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Columbus, Ohio  
June 27, 2016

Employee ID: 31-800053  
Patricia Azallion, CPA

Pickaway County Community Action Organization, Inc.  
Statement of Financial Position  
December 31, 2015

Assets

Current assets:

Cash and cash equivalents	\$ 1,358,977
Grants and accounts receivable	339,123
Inventory	2,271
Prepaid expenses	28,586
	1,728,957

Property and equipment, net	2,300,346
-----------------------------	-----------

Total assets	\$ 4,029,303
--------------	--------------

Liabilities and Net Assets

Current liabilities:

Mortgages and notes payable, current portion	\$ 274,872
Accounts payable	215,302
Accrued payroll and related expenses	42,234
Accrued vacation	68,533
Refundable advances	421,644
Security deposits	37,035
	1,059,620

Long-term liabilities:

Mortgages and notes payable, long-term portion	763,631
--	---------

Total liabilities	1,823,251
-------------------	-----------

Net assets:

Unrestricted	2,023,641
Temporarily restricted	182,411
	2,206,052

Total net assets	2,206,052
------------------	-----------

Total liabilities and net assets	\$ 4,029,303
----------------------------------	--------------

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

Pickaway County Community Action Organization, Inc.  
Statement of Activities  
Year ended December 31, 2015

Changes in Unrestricted Net Assets

Revenues:

Grant revenue	\$ 4,076,771
Program revenue	357,371
Rental income	641,259
In-kind contributions	283,572
Other income	<u>153,142</u>

Total unrestricted revenues 5,512,115

Net assets released from temporary restrictions:

Satisfaction of program restrictions 38,505

Total unrestricted revenues and other support 5,550,620

Expenses:

Program activities:

Head Start	2,724,502
Transportation	620,519
Home Improvement	251,975
Emergency Services	<u>1,243,385</u>

Total program activities 4,840,381

Corporate rental activities 320,215

General and administrative 471,300

Total unrestricted expenses and losses 5,631,896

Net assets added to temporarily restricted net assets:

Program restrictions 26,274

Total unrestricted expenses, losses, and other transfers 5,658,170

Change in unrestricted net assets (107,550)

Changes in Temporarily Restricted Net Assets

Property purchased, net of accumulated depreciation and related debt 26,274

Net assets released from temporary restrictions (38,505)

Change in temporarily restricted net assets (12,231)

Change in net assets (119,781)

Net assets, beginning of year:

Unrestricted, as restated 2,131,191

Temporarily restricted, as restated 194,642

2,325,833

Net assets, end of year:

Unrestricted 2,023,641

Temporarily restricted 182,411

\$ 2,206,052

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

Pickaway County Community Action Organization, Inc.  
Statement of Functional Expenses  
Year ended December 31, 2015

	<u>Head Start</u>	<u>Transportation</u>	<u>Home Improvement</u>	<u>Emergency Services</u>	<u>Total Programs</u>	<u>Corporate Rental Activities</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 1,186,763	\$ 297,043	\$ 56,680	\$ 316,185	\$ 1,856,671	\$ 144,974	\$ 238,204	\$ 2,239,849
Benefits and taxes	293,930	57,539	17,009	78,525	447,003	35,215	62,654	544,872
Depreciation	24,471	-	-	2,600	27,071	245,638	10,438	283,147
Rent/utilities	57,124	3,745	120	68,059	129,048	94,831	-	223,879
Contract services	89,925	-	101,264	72,711	263,900	17,123	39,165	320,188
Material and supplies	234,785	-	35,181	61,989	331,955	6,114	4,388	342,457
Maintenance and equipment	104,880	74,408	241	28,986	208,515	143,315	8,139	359,969
Direct assistance	3,676	8,734	-	404,188	416,598	-	-	416,598
Insurance	20,944	19,163	6,220	4,998	51,325	36,289	4,436	92,050
Travel and conference	61,882	55	1,731	8,123	71,791	985	11,966	84,742
In-kind expense	283,572	-	-	-	283,572	-	-	283,572
Interest expense	14,399	-	-	-	14,399	41,912	-	56,311
Other expenses	326,564	115,468	32,814	193,806	668,652	(491,177)	91,910	269,385
Gas/oil	21,587	44,364	715	2,883	69,549	-	-	69,549
Property taxes	-	-	-	332	332	44,996	-	45,328
	<u>\$ 2,724,502</u>	<u>\$ 620,519</u>	<u>\$ 251,975</u>	<u>\$ 1,243,385</u>	<u>\$ 4,840,381</u>	<u>\$ 320,215</u>	<u>\$ 471,300</u>	<u>\$ 5,631,896</u>

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

Pickaway County Community Action Organization, Inc.  
Statement of Cash Flows  
Year ended December 31, 2015

Cash flows from operating activities:	
Change in net assets	\$ (119,781)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	283,147
Loss on disposal of assets	26,262
Effects of changes in operating assets and liabilities:	
Grants and accounts receivable	121,298
Inventory	187
Prepaid expenses	(9,216)
Accounts payable	34,082
Accrued payroll and related expenses	(9,956)
Accrued vacation	17,642
Refundable advances	(204,537)
Security deposits	7,490
Net cash used in operating activities	<u>146,618</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(69,268)</u>
Net cash used in investing activities	<u>(69,268)</u>
Cash flows from financing activities:	
Principal payments on mortgages and notes payable	<u>(248,494)</u>
Net cash used in financing activities	<u>(248,494)</u>
Net change in cash and cash equivalents	(171,144)
Cash and cash equivalents, beginning of year	<u>1,530,121</u>
Cash and cash equivalents, end of year	<u>\$ 1,358,977</u>
Supplemental disclosure of cash flow information:	
Interest paid	<u>\$ 56,311</u>
Non cash investing activities:	
Purchase of vehicle with note payable	<u>\$ 55,436</u>

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

## 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. The Organization is primarily supported through federal and state government grants. Approximately 60% of the Organization's grant revenue was provided under Head Start grants by the federal government.

### **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.

### **Classification 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 PICCA 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 PICCA 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.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by PICCA. Generally, the donors of these assets permit PICCA to use all or part of the income earned on any related investments for general or specific purposes. PICCA 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 PICCA 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.

**Revenue recognition (Continued)**

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.

**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 PICCA 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. PICCA 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. PICCA 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.

**Property and equipment (continued)**

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, 2015, the net book value of temporary restricted property and equipment totaled \$182,411.

**Refundable advances**

PICCA 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, 2015, PICCA received approximately \$284,000 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 \$305,000, primarily for its Head Start program. The nonprofessional volunteer services and supplies are not reported in the statement of activities.

**Income taxes and uncertain tax positions**

Pickaway County Community Action Organization, Inc. is 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 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.

**Subsequent events**

PICCA evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through June 27, 2016, the date which the financial statements were available to be issued.

**2. Concentration of Credit Risk**

PICCA maintains cash balances at several banks. Balances in the bank accounts are insured by Federal Deposit Insurance Corporation ("FDIC") coverage up to \$250,000, and are covered by public funds pooled collateral. 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.

**3. Property and Equipment**

A summary of property and equipment as of December 31, 2015 is as follows:

Land and land improvements	\$ 455,484
Buildings and improvements	7,309,037
Vehicles	545,188
Equipment	206,105
Software	21,046
	8,536,860
Accumulated depreciation	(6,236,514)
	\$ 2,300,346

**4. Mortgages and Notes Payable**

The mortgages and notes payable consist of the following as of December 31, 2015:

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.	\$ 129,446
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.	260,512
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.	128,659
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.	315,243
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.	115,155
Note payable to The Savings Bank with interest at 4.99%. Annual payments are \$12,803, with the outstanding balance due March 2021. The note is collateralized cash held at the financial institution.	56,349
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 collateralized by cash held at the financial institution.	33,139
	1,038,503
Less: current portion	(274,872)
Mortgages and notes payable, long-term	\$ 763,631

**5. Mortgages and Notes Payable (Continued)**

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

2016	\$	274,872
2017		286,502
2018		297,385
2019		93,796
2020		28,832
Thereafter		57,116
		\$ 1,038,503

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.

**6. 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, 2015 totaled \$40,597.

**7. 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%. The line is secured by a second mortgage on the Administration Building. As of December 31, 2015, there was \$-0- outstanding on the line of credit.

**8. Revolving Loan Receivable, Revolving Loan Payable**

In prior years, PICCA built six homes in Canal View Estates, South Bloomfield, Ohio, for low- income individuals who purchased the home sites for \$169,000 using grant funds from the Ohio Department of Development, as well as from unrestricted funds. The grant funds were also used to demolish an existing house, perform an environmental cleanup of a portion of the site, install infrastructure, and pay PICCA a developer fee of \$6,000 per house. The grant is forgivable after 20 years, provided that the homes are owner-occupied by eligible low income families. Each buyer was eligible for different amounts of assistance with their down payment. The total amount owed from the sale of the six homes to PICCA is \$93,690. This down payment assistance receivable is secured with second mortgages. No interest and no payment schedules are established for any property. This money is due if the owners would, for any reason, default on the terms of the mortgage. If this were the case, the repayment proceeds will be reinvested in homeownership assistance loans according to Housing Development Assistance Program ("HDAP") grant stipulations. This obligation to reinvest is represented by the revolving loan payable balance. In the event the property is utilized for its intended use for 20 years from the date of the purchase of the homes, the loan is forgiven. The receivable and corresponding payable balances are not recognized in the financial statements of PICCA.

**9. 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.

**10. Prior Period Adjustment**

Prior to January 1, 2014, PICCA expensed property and equipment purchased with federal grant funds. Property and equipment purchased using federal funds that had a net book value of \$194,642 was not recorded on PICCA's books and was previously identified as a departure from generally accepted accounting principles. These assets as well as the related accumulated depreciation should have been recorded on PICCA's books with the net book value being recorded as temporarily restricted net assets. An increase in property and equipment, net and temporarily restricted net assets of \$194,642 was recorded as of December 31, 2014.

Pickaway County Community Action Organization, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2015

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>			
Passed through Ohio Department of Education:			
USDA Reimbursement-(Head Start)	10.558	31315-131500	\$ 54,471
USDA Reimbursement-(Summer Food)	10.558	32715	11,412
USDA Rural Development	10.558	31315-131501	8,407
USDA Rural Development	10.558	31316-131600	<u>25,715</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>100,005</u></b>
<u>U.S. Department of Housing and Urban Development:</u>			
Passed through Fayette County Community Action, Inc.:			
Emergency Shelter	14.231	36515	<u>45,942</u>
Total Passed Through Fayette County Community Action, Inc.			<u>45,942</u>
Direct Programs:			
Continuum of Care OH - 0211B5E70802	14.235	36415	<u>118,079</u>
Total Direct Programs			<u>118,079</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>164,021</u></b>
<u>U.S. Department of Transportation:</u>			
Passed through Ohio Development Services Agency:			
Formula Grants for Other Than Urbanized Areas - RPT 4065 032121	20.509	32215	150,766
Formula Grants for Other Than Urbanized Areas - RPT 0065 032122	20.509	32214	31,901
Mobility Management	20.509	32915	<u>45,549</u>
<b>Total U.S. Department of Transportation</b>			<b><u>228,216</u></b>
<u>U.S. Department of Energy:</u>			
Passed through Ohio Development Services Agency:			
HWAP-DOE-GRT #11-127	81.042	34315	15,574
HWAP-DOE-GRT #11-127	81.042	34316	42,747
OHTF	81.042	34115	<u>38,579</u>
<b>Total U.S. Department of Energy</b>			<b><u>96,900</u></b>
<u>Federal Emergency Management Agency</u>			
Emergency Food and Shelter	97.024	36015	<u>9,406</u>
<b>Total Federal Emergency Management Agency</b>			<b><u>9,406</u></b>
<u>U.S. Department of Health and Human Services:</u>			
Direct Programs:			
Head Start - Operations and Training	93.600	31015	1,512,349
Early Head Start - Operations and Training	93.600	31215	<u>803,187</u>
Total Direct Programs			<u>2,315,536</u>
Passed through Ohio Development Services Agency:			
Home Energy Assistance Program (HEAP Summer Crisis)	93.568	36115	32,449
Home Energy Assistance Program (HEAP)	93.568	36215	118,883
Home Energy Assistance Program (HEAP)	93.568	36216	39,688
Home Energy Assistance Program (HEAP Winter Crisis)	93.568	36615	224,795
Home Energy Assistance Program (HEAP Winter Crisis)	93.568	36616	136,223
HWAP-HHS-GRT #11-127	93.568	34415	73,282
HWAP-HHS-GRT #11-127	93.568	34416	<u>8,810</u>
Total			<u>634,130</u>

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

Pickaway County Community Action Organization, Inc.  
Schedule of Expenditures of Federal Awards (Continued)  
Year Ended December 31, 2015

Community Service Block Grant ARRA - 01/01/2014-12/31/2015	93.569	32015	138,705
Community Service Block Grant Transportation	93.569	32215	3,298
Total			142,003
Total Passed Through Ohio Development Services Agency			776,133
Passed through Central Ohio Area Agency on Aging:			
Administration on Aging HRM	93.043	34915	8,620
<b>Total U.S. Department of Health and Human Services</b>			<b>3,100,289</b>
<u>U.S. Department of Veterans Affairs:</u>			
VA Contract 12/31/2011	64.024	39020	91,487
Men's Transitional Housing	64.024	39000	102,116
Women's and Family Transitional Housing	64.024	39010	94,279
<b>Total U.S. Department of Veterans Affairs:</b>			<b>287,882</b>
<u>Internal Revenue Service</u>			
Volunteer Income Tax Assistance (VITA)	21.009	33015	9,030
Volunteer Income Tax Assistance (VITA)	21.009	33016	84
<b>Total Internal Revenue Service:</b>			<b>9,114</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 3,995,833</b>

**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. (the "Organization") under programs of the federal government for the year ended December 31, 2015.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") 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 Organization's financial position, changes in net assets, or cash flows.

**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.

See independent Auditors' Report.

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

Board of Directors  
Pickaway County Community Action Organization, Inc.  
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 statement of financial position as of December 31, 2015 and the related statements of activities, 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 June 27, 2016.

### **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 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.

4449 easton way, ste. 400  
columbus, oh 43219

www.cshco.com  
p. 614.885.2208  
f. 614.885.8159

## **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.

*Clark, Schaefer, Hackett & Co.*

Columbus, Ohio  
June 27, 2016

## **INDEPENDENT AUDITORS' 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.  
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 program for the year ended December 31, 2015. Pickaway County Community Action Organization, Inc.'s major federal program is identified in the Summary of Auditors' 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.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Pickaway County Community Action Organization, Inc.'s major federal program 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* ("CFR") 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 program. 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, 2015.

4449 easton way, ste. 400  
columbus, oh 43219

www.cshco.com  
p. 614.885.2208  
f. 614.885.8159

## Report on Internal Control Over Compliance

Management of the 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 program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

*Clark, Schaefer, Hackett & Co.*

Columbus, Ohio  
June 27, 2016

**Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: unmodified

---

Internal control over financial reporting:

Material weakness identified?        Yes   X   No

Significant deficiency identified not considered  
to be material weaknesses?        Yes   X   No

Noncompliance material to financial statements noted?        Yes   X   No

***Federal Awards***

Type of auditors' report issued on compliance for  
major programs: unmodified

---

Internal control over financial reporting:

Material weakness identified?        Yes   X   No

Significant deficiency identified not considered  
to be material weaknesses?        Yes   X   No

Any audit findings disclosed that are required to be  
reported in accordance with CFR Section  
200.516(a)?        Yes   X   No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A  
and Type B programs: \$750,000

---

Auditee qualified as low-risk auditee?        Yes   X   No

**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.