



CommUnify

A Community Action Agency.

Independent Auditor's Reports, Financial Statements and Supplementary Information

December 31, 2021



COMMUNIFY

December 31, 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 3
Financial statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 17
Supplementary Information:	
Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards	18 - 21
Other Auditor's Reports:	
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>	22 - 23
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	24 - 26
Schedule of Findings and <i>Questioned</i> Costs	27



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

200 E. Carrillo Street, Suite 300, Santa Barbara, CA 93101, (805) 962-9175, www.mcgowan.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Community Action Commission of Santa Barbara County, Inc.
dba CommUnify
Santa Barbara, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Action Commission of Santa Barbara County, Inc. dba CommUnify (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Action Commission of Santa Barbara County, Inc. dba CommUnify as of December 31, 2021, 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.

Basis for Opinion

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. 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 Community Action Commission of Santa Barbara County, Inc. dba CommUnify and to meet our other ethical responsibilities, in accordance with the 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 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 Community Action Commission of Santa Barbara County, Inc. dba CommUnify's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 Community Action Commission of Santa Barbara County, Inc. dba CommUnify'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Commission of Santa Barbara County, Inc. dba CommUnify'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.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022, on our consideration of Community Action Commission of Santa Barbara County, Inc. dba CommUnify'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 Community Action Commission of Santa Barbara County, Inc. dba CommUnify's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action Commission of Santa Barbara County, Inc. dba CommUnify's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Community Action Commission of Santa Barbara County, Inc. dba CommUnify's December 31, 2020, financial statements, and we expressed an unmodified audit opinion on those statements in our report dated May 5, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Santa Barbara, California
October 26, 2022

COMMUNIFY
STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 645,370	\$ 3,306,132
Investments	1,672,844	1,540,648
Grants and contracts receivable	2,967,194	2,402,352
Prepaid expenses and other current assets	224,800	276,822
Total Current Assets	<u>5,510,208</u>	<u>7,525,954</u>
Non-current Assets:		
Fixed assets, net of accumulated depreciation	<u>274,742</u>	<u>290,603</u>
Total Non-Current Assets	<u>274,742</u>	<u>290,603</u>
Total Assets	<u>\$ 5,784,950</u>	<u>\$ 7,816,557</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 542,752	\$ 649,735
Accrued payroll	623,044	641,692
Accrued vacation	686,102	727,711
PPP loan	953,658	3,168,272
Deferred revenue	613,370	580,970
Total Liabilities	<u>3,418,926</u>	<u>5,768,380</u>
Net assets		
Without donor restrictions	2,091,282	1,757,574
Invested in fixed assets	<u>274,742</u>	<u>290,603</u>
Total Net Assets	<u>2,366,024</u>	<u>2,048,177</u>
Total Liabilities and Net Assets	<u>\$ 5,784,950</u>	<u>\$ 7,816,557</u>

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

COMMUNIFY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Public Support:		
Special events, gross	\$ 2,733	\$ 14,031
Less: direct costs benefitting donors	<u>-</u>	<u>(27,652)</u>
Special events, net	2,733	(13,621)
PPP forgiven SBA loan	-	437,046
Contributions and grants	<u>362,746</u>	<u>506,489</u>
Total Public Support	<u>365,479</u>	<u>929,914</u>
Revenue:		
Grants and contracts	22,857,398	21,440,616
Program income	30,678	46,812
In-kind	730,823	836,552
Other investment earnings	<u>158,217</u>	<u>94,849</u>
Total Revenue	<u>23,777,116</u>	<u>22,418,829</u>
Total Public Support and Revenue	<u>24,142,595</u>	<u>23,348,743</u>
Expenses:		
Program services:		
Children's services	15,834,605	15,395,325
Nutritional services	1,293,376	2,187,411
Family and youth services	1,921,929	1,843,692
Community services	<u>2,414,471</u>	<u>2,031,528</u>
Total program service expenses	<u>21,464,381</u>	<u>21,457,956</u>
Administration services:		
Management and general	2,123,560	1,955,170
Fundraising	<u>236,807</u>	<u>253,763</u>
Total expenses	<u>23,824,748</u>	<u>23,666,889</u>
Change in net assets	317,847	(318,146)
Net assets, beginning of period	<u>2,048,177</u>	<u>2,366,323</u>
Net assets, end of period	<u>\$ 2,366,024</u>	<u>\$ 2,048,177</u>

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

COMMUNIFY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	Children's Services	Senior Program	Family Resource	Community Services	Total Program Services	Supporting Services		Total 2021	Total 2020
						Management and General	Fundraising		
Compensation and Related Benefits									
Salaries	\$ 8,640,445	\$ 379,666	\$ 1,270,660	\$ 855,854	\$ 11,146,624	\$ 933,673	\$ 162,297	\$ 12,242,595	\$ 12,252,091
Payroll taxes and fringe benefits	2,569,388	87,378	356,120	259,180	3,272,065	283,801	50,079	3,605,946	3,816,142
Total compensation and related benefits	<u>11,209,833</u>	<u>467,044</u>	<u>1,626,779</u>	<u>1,115,033</u>	<u>14,418,690</u>	<u>1,217,474</u>	<u>212,377</u>	<u>15,848,540</u>	<u>16,068,233</u>
Other Expenses									
Professional services	348,450	1,800	3,017	5,384	358,650	63,897	-	422,547	267,226
Travel	36,062	34,733	28,894	5,158	104,848	(553)	482	104,776	119,695
Subcontractors	618,530	48,303	19,889	771,445	1,458,168	239,089	5,750	1,703,007	1,628,053
Space and equipment rental	420,219	15,192	45,759	71,912	553,083	162,996	-	716,078	683,996
Equipment and building maintenance	399,817	258	9	12,336	412,420	14,310	-	426,730	325,645
Equipment purchases	33,133	945	-	35,808	69,886	86,159	250	156,295	177,307
Vehicle	132,817	11,554	55	6,095	150,521	23,981	-	174,502	169,762
Depreciation	10,184	-	-	-	10,184	5,678	-	15,861	20,707
Food and meals	190,862	604,371	-	-	795,233	3,523	-	798,756	1,142,424
Supplies	1,069,873	6,528	74,330	24,988	1,175,719	9,954	3,522	1,189,195	1,129,897
Communications	144,564	4,202	26,059	16,766	191,591	25,090	-	216,680	229,789
Utilities	108,044	-	-	1,407	109,451	597	-	110,048	122,120
Insurance	89,909	12,079	1,957	6,714	110,659	56,348	-	167,007	152,764
Staff training	140,013	-	9,840	9,365	159,218	13,865	5,010	178,092	116,420
In-kind space rental center	651,713	79,110	-	-	730,823	-	-	730,823	836,552
Other	230,581	7,256	85,342	332,059	655,238	201,154	9,417	865,809	476,298
Total other expenses	<u>4,624,772</u>	<u>826,332</u>	<u>295,150</u>	<u>1,299,437</u>	<u>7,045,691</u>	<u>906,086</u>	<u>24,431</u>	<u>7,976,208</u>	<u>7,598,656</u>
Total Functional Expense - 2021	<u>\$ 15,834,605</u>	<u>\$ 1,293,376</u>	<u>\$ 1,921,929</u>	<u>\$ 2,414,471</u>	<u>\$ 21,464,381</u>	<u>\$ 2,123,560</u>	<u>\$ 236,807</u>	<u>\$ 23,824,748</u>	
Total Functional Expense - 2020	<u>\$ 15,395,325</u>	<u>\$ 2,187,411</u>	<u>\$ 1,843,692</u>	<u>\$ 2,031,528</u>	<u>\$ 21,457,956</u>	<u>\$ 1,955,170</u>	<u>\$ 253,763</u>		<u>\$ 23,666,889</u>

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

COMMUNIFY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 317,847	\$ (318,146)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	15,861	20,707
Net realized and unrealized gains on investments	(124,527)	(91,037)
Changes in certain assets and liabilities:		
Grants and contracts receivable	(564,842)	(696,997)
Prepaid expenses and other current assets	52,022	(17,838)
Accounts payable and accrued expenses	(106,983)	119,925
Accrued payroll	(18,648)	23,678
Accrued vacation	(41,609)	104,353
Deferred revenue	<u>32,400</u>	<u>131,493</u>
Net Cash Used by Operating Activities	<u>(438,479)</u>	<u>(723,862)</u>
Cash Flows from Investing Activities:		
Purchase of investments	(153,479)	(282,343)
Sale of investments	<u>145,810</u>	<u>279,548</u>
Net Cash Used by Investing Activities	<u>(7,669)</u>	<u>(2,795)</u>
Cash Flows from Financing Activities:		
Proceeds from PPP loan	-	3,168,272
Payments on PPP loan	<u>(2,214,614)</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>(2,214,614)</u>	<u>3,168,272</u>
Net Change in Cash and Equivalents	(2,660,762)	2,441,615
Cash and Equivalents at the Beginning of Year	<u>3,306,132</u>	<u>864,517</u>
Cash and Equivalents at the End of Year	<u><u>\$ 645,370</u></u>	<u><u>\$ 3,306,132</u></u>
Supplemental Information:		
Cash Paid for Interest	\$ 49,685	\$ -

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

COMMUNIFY

Notes to Financial Statements

NOTE 1 - GENERAL

ORGANIZATION

Community Action Commission of Santa Barbara County, Inc., dba CommUnify (CommUnify), was incorporated in 1967 as a nonprofit, tax exempt, California corporation. CommUnify receives its principal funding from the United States Department of Health and Human Services and the State of California Department of Education and accordingly, operates under the guidelines and regulations of these funding sources. CommUnify serves the County of Santa Barbara including the following cities: Goleta, Santa Barbara, Carpinteria, Santa Ynez, Lompoc, Santa Maria, Solvang, Guadalupe, Cuyama, Orcutt, and Buellton. CommUnify's mission is:

We serve Santa Barbara County's vulnerable populations through education and coordinated services so they may achieve economic stability, improve overall well-being and thrive.

PROGRAM SERVICES

Children's Services provides Head Start and Early Head Start programs that offer comprehensive early childhood education, health, nutrition and parent involvement services to low-income children and families. Full and part-day early care and education are provided for children ages 0 to 5 in 24 sites throughout Santa Barbara County with a goal of preparing our most vulnerable young children to succeed in school and in life beyond school. In addition, both programs are designed to assist families in meeting their own personal goals and achieving self-sufficiency across a wide variety of domains, such as housing, continued education, and financial security.

The **Head Start** program delivers services to children and families by focusing on the areas of early learning, health, and family well-being while engaging parents as partners every step of the way. California State Preschool and Child Development programs are also offered and blended with Head Start services. The **Early Head Start** program promotes the physical, cognitive, social, and emotional development of infants and toddlers through safe and developmentally enriching caregiving. The program is designed to support parents, both mothers and fathers, in their role as *primary caregivers and teachers* of their children. In 2021, 936 infants, toddlers, and preschoolers were provided with high quality early care and education (ECE) and health services: <https://www.communifysb.org/childrens-services/head-start>

COMMUNIFY

Notes to Financial Statements

NOTE 1 - GENERAL (continued)

Nutrition Services provides healthy lunches and enrichment activities for seniors, 60 years of age and older, both at community meal sites and, for home-bound seniors, in their own home. 92,218 meals were served to seniors in 2021, ensuring they received a healthy lunch daily to support their health, well-being, and on-going independence. The program concluded in 2021. Additionally, Nutrition Services also provided 95,531 meals to local Head Start centers for children ages 0-5.

Family and Youth Services (FYS) enhances the social, emotional and physical well-being of youth and families in Santa Barbara County to help them achieve a positive and productive future. Services focus on culturally responsive mentoring, tutoring, health education and skill development, as well as helping families cope with mental health issues. In 2021, 3,361 youth ages 6-17 participated in CommUnify's youth programs: <https://www.communifysb.org/services/family-youth> . In addition, CommUnify served 115 young adults in the Transition Age Youth (TAY) Program.

Community Services is comprised of a variety of services designed to help disadvantaged families address the financial challenges by reducing their home energy burden, promoting financial literacy, removing barriers to achieving self-sufficiency, and linking residents to available services and resources throughout Santa Barbara County. Services include Energy Assistance, Weatherization Services, Senior Home Repair Program, Family Self-Sufficiency Program, Economic Empowerment Program and Earned Income Tax Credit Outreach Program. CommUnify's Energy Services weatherized 84 homes and assisted a total of 1,075 families with their energy bills, while an additional 84 seniors' homes were repaired, enabling them to age safely in place: <https://www.communifysb.org/services/community>. Also included in the portfolio of Community Services is **2-1-1 Santa Barbara County**, a comprehensive information and referral system. Dialing 2-1-1 connects people to over 2,000 health and human services, disaster relief, and public information resources. 2-1-1 is a free service, available 24 hours a day / 7 days a week in multiple languages. In 2021, 2-1-1 handled 29,505 calls and text messages and assisted users through the 2-1-1 website: <http://www.211santabarbaracounty.org>.

ADMINISTRATIVE SERVICES

Administrative services represent management and general expenses, indirect costs, and the administrative costs portion of program services.

COMMUNIFY

Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

CommUnify's financial statements are prepared on the accrual basis of accounting and include all support and revenues when earned and all expenses when incurred, regardless of when received or paid at the end of a period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

DESCRIPTION OF NET ASSETS

CommUnify reports information regarding its financial position and activities in two classes of net assets - with donor restrictions and without donor restrictions - based on the existence or absence of donor-imposed restrictions.

Without Donor Restrictions

Net assets without donor restrictions represent net assets that are not subject to donor-imposed time or use restrictions. Net assets without donor restrictions include board designated funds.

With Donor Restrictions

Net assets with donor restrictions represent net assets that are subject to donor-imposed time or use restrictions. Net assets with donor restrictions generally include contributions and bequests receivable and planned gifts. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as "Net assets released from restrictions."

BASIS OF PRESENTATION

The statements are presented in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958- 205), *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958- 205, CommUnify is required to report information regarding its financial position and activities according to two classes of Net Assets: Net Assets With Donor Restrictions and Net Assets Without Donor Restrictions.

CASH AND CASH EQUIVALENTS

For the purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and highly liquid investments with a maturity of three months or less.

INVESTMENTS

Investments are recorded at fair market value. CommUnify invests in mutual funds. Gains and losses occur that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from sales or maturities are calculated on an adjusted cost basis. Adjusted cost is the estimated fair value of the security at the beginning of the year, or the cost if purchased during the year.

COMMUNIFY

Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLE

CommUnify has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable that receivables will be collected.

FIXED ASSETS

Fixed assets are capitalized at cost and are being depreciated on the straight-line method using useful lives as described in Note 7.

FUNCTIONAL EXPENSES

Directly identifiable expenses are charged to program services. Expenses related to more than one function are charged to program services on the basis of periodic time and expense studies. Administration services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CommUnify.

INDIRECT COSTS

Indirect costs represent administrative costs recorded in the general administration fund which are allocable to the restricted programs as indirect administrative costs. CommUnify submits an indirect cost rate agreement to the Department of Health and Human Services on an annual basis. The indirect cost rate is used to support the claim for indirect costs on grants and contracts with the Federal Government.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject CommUnify to concentrations of credit risk consist primarily of cash and cash equivalents and investments. Cash equivalents include overnight investments, and money market funds. CommUnify places certain temporary cash, cash equivalents and investments with financial institutions. At times, CommUnify's cash, cash equivalents and investment balances exceed the current insured amount under the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation.

However, management believes the risk of loss to be minimal. In addition, CommUnify's investments are exposed to various risks, such as interest rate fluctuations and market valuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect CommUnify's Statements of Financial Position and Activities.

COMMUNIFY

Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

USE OF ESTIMATES

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

RISK MANAGEMENT

CommUnify is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; and natural disasters for which CommUnify carries commercial insurance.

CONTINGENCIES

CommUnify participates in federal grants, the principal of which is the U.S. Department of Health and Human Services. Disbursement of funds received under this grantor agency requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

CONCENTRATIONS

CommUnify receives a substantial amount of revenue for its programs funded by the U.S. Department of Health and Human Services. During 2021, CommUnify received \$16,151,392 which amounts to 67% of its total revenue.

DONATED SERVICES

Donated Services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require special skills, performed by people with those skills, and would otherwise be purchased by CommUnify. Volunteers also provided parent services meal delivery drivers throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

COMPARATIVE INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CommUnify's audited financial statements for the year ended December 31, 2020, from which the summarized information was derived.

COMMUNIFY

Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SUBSEQUENT EVENTS

In preparing these financial statements, CommUnify has evaluated events and transactions for potential recognition or disclosure through October 26, 2022, the date the financial statements were available to be issued.

NOTE 3 - INCOME TAXES

CommUnify is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. CommUnify is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code. CommUnify has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Code.

CommUnify adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax positions will more-likely-than-not be sustained upon examination by taxing authorities. CommUnify has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. CommUnify believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on CommUnify’s financial condition, results of operations or cash flows. Accordingly, CommUnify has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2021. CommUnify is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - SUMMARY OF FAIR VALUE EXPOSURE

FASB ASC 820-10 and subsections, *Fair Value Measurements and Disclosures* clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. CommUnify has adopted FASB ASC 820-10 for its financial assets and liabilities measured on a recurring and nonrecurring basis. FASB ASC 820-10 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price.

COMMUNIFY

Notes to Financial Statements

NOTE 4 - SUMMARY OF FAIR VALUE EXPOSURE (continued)

To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)

Level 3: Significant unobservable inputs (including CommUnify's own assumptions in determining the fair value of its investments).

The inputs and methodology used for valuing CommUnify's financial assets and liabilities are not indicators of the risks associated with those investments. As of December 31, 2021, \$1,672,844 were invested at Montecito Bank & Trust and were classified as Level 1.

NOTE 5 - INVESTMENTS

Activity for 2021 is as follows:

Account balance as of January 1, 2021	\$ 1,540,648
Fees	(19,388)
Dividends and interest	27,057
Net realized and unrealized gains	124,527
Account balance as of December 31, 2021	<u>\$ 1,672,844</u>

NOTE 6 - FIXED ASSETS

Fixed assets as of December 31 are as follows:

	<u>Years</u>	
Land & Building	25-30	\$407,214
Building Improvements	15-20	649,474
Equipment, Furniture & Fixtures	5	167,452
Vehicles	5	<u>157,045</u>
Total		1,381,185
Less Accumulated Depreciation		<u>(1,106,443)</u>
Fixed Assets, Net		<u>\$ 274,742</u>

Depreciation expense was \$15,861 for 2021.

COMMUNIFY

Notes to Financial Statements

NOTE 7 - ACCRUED VACATION

CommUnify's employees earn vacation leave depending on their length of service. The maximum amount of vacation hours an employee can accumulate is 360 hours. Accumulated unpaid employee vacation benefits are recognized as liabilities of CommUnify. The amount of accumulated vacation was \$686,102 as of December 31, 2021.

NOTE 8 - LINE OF CREDIT

In April 2020 CommUnify opened a new unsecured line of credit at Montecito Bank & Trust in the amount of \$500,000, which expired on May 5, 2021.

NOTE 9 - IN-KIND

Values assigned to in-kind contributions and the related expenses are based on federal guidelines. In accordance with those guidelines, values are based upon estimated area-wide averages for purchased services, facilities, or supplies of a similar type. In-kind contributions and expenses are recorded when used in programs and are not carried forward. In-kind contributions were \$730,823 for 2021.

NOTE 10 – LIQUIDITY

Financial assets available to meet cash needs for general expenditure for the following year are comprised of current assets and investments, adjusted for amounts unavailable due to illiquidity, endowments and other funds spending policy appropriations beyond one year, and current liabilities payable to vendors, financial institutions, and nonprofit organizations.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2021:

Cash and Cash Equivalents available within one year	\$ 645,370
Grants and Contracts Receivable	2,967,194
Investments available for general expenditure within one year	1,672,844
Current Liabilities	<u>(2,747,811)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,537,597</u>

COMMUNIFY

Notes to Financial Statements

NOTE 11 - PENSION PLAN

CommUnify maintains a pension plan under Section 403(b) of the Internal Revenue Code. All employees are eligible to participate in the plan in which participation is voluntary and contributions are limited to 20% of annual salary. However, employees over the age of 50 are allowed to contribute more than 20% to catch up for prior years. Employees who work more than 20 hours per week and have completed one year and 1,000 hours of service are eligible to participate in the employer contribution portion of the plan. CommUnify matches the employee contributions dollar for dollar up to 5% of the employee's annual salary. Employees are fully vested in their own contributions and in those made by CommUnify. The maximum amount allowed to be contributed to the plan by the employees and CommUnify's match is \$19,500. The amount contributed to the plan by CommUnify was \$363,248 for 2021.

NOTE 12 - LEASE COMMITMENT

CommUnify leases office space for program services and administrative facilities under operating leases. The total expense for rent was \$661,557 for 2021. Minimum future rental payments under non-cancelable operating leases for each of the next several years as of December 31, 2021:

2022	\$ 173,587
2023	140,301
2024	129,214
2025	123,481
2026	<u>50,463</u>
Total	<u>\$ 617,046</u>

NOTE 13 – UNCERTAINTY

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of October 26, 2022, CommUnify offices remain open, subject to regulations. CommUnify cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact CommUnify's financial position, changes in net assets, and cash flows in 2022.

COMMUNIFY
Notes to Financial Statements

NOTE 14 – SBA LOAN UNDER THE PAYROLL PROTECTION PROGRAM

On April 15, 2020, the Organization received loan funding of \$3,605,318 under the Paycheck Protection Program (PPP) as allowed under the CARES Tax Act, related to the 2020 COVID-19 pandemic. The loan allows for the loan proceeds to be used on allowable costs for CommUnify.

The loan can be fully forgiven if the funds were used for payroll costs, rent and utilities and at least 60% of the forgiven amount must have been used for payroll. Loan payments will also be deferred for six months. No collateral or personal guarantees were required.

Forgiveness will be based on maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declined, or if salaries and wages decreased. The loan has a maturity of five years and an interest rate of 1%. CommUnify has complied with all regulations to allow for and on July 2, 2021, management confirmation that \$437,046 of the outstanding loan was forgiven by the SBA.

During 2021, the agency made principal and interest payments on the PPP loan of \$2,214,614 and \$49,685 respectively.

SUPPLEMENTARY INFORMATION

COMMUNIFY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>			
Pass through the California State Department of Education:			
Child Care Food Program	10.558	42-1682-OJ	\$ 333,352
Total U.S. Department of Agriculture			<u>333,352</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Pass through the City of Lompoc:			
Community Development Block Grant	14.218	CDBG 20/21	7,500
Pass through the City of Santa Barbara:			
Community Development Block Grant	14.218	CDBG 20/21	5,938
Pass through the City of Santa Maria:			
Community Development Block Grant	14.218	CDBG 20/21	<u>47,855</u>
Total U.S. Department of Housing and Urban Development			<u>61,293</u>
<u>U.S. Department of Health and Human Services:</u>			
Direct awards:			
Head Start	93.600	09CH010272-05	973,248
Head Start	93.600	09CH011864-01	8,310,920
Head Start	93.600	09CH011864-02	615,143
Early Head Start	93.600	09CH010272-05	120,961
Early Head Start	93.600	09CH011864-01	1,863,302
Early Head Start	93.600	09CH011864-02	<u>169,690</u>
Total direct awards			<u>12,053,263</u>
<u>Pass through the California Department of Social Services:</u>			
	93.669 &		
Economic Empowerment (OCAP)	93.590	EE-CACSB-18-21	85,004
	93.669 &		
Economic Empowerment (OCAP)	93.590	EE-CACSB-21-24	<u>23,846</u>
			<u>\$ 108,850</u>

See notes to the schedule of federal awards

COMMUNIFY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>
Pass through the Central Coast Commission for Senior Citizens, Area Agency on Aging (Aging Programs Cluster):			
Title III-B Residence Repair	93.044	CDA IIIB 20/21	\$ 19,375
Title III-B Residence Repair	93.044	CDA IIIB 21/22	6,082
Title III-C-1 Congregate Nutrition	93.045	CDA C1 20/21	272,762
Title III-C-2 Home Delivered Nutrition	93.045	CDA C2 20/21	417,226
Title III-C-1 Congregate Nutrition	93.053	NSIP C1 20/21	16,060
Title III-C-2 Home Delivered Nutrition	93.053	NSIP C2 20/21	27,630
Total pass through the Central Coast Commission for Senior Citizens			<u>759,135</u>
Pass through the Central Coast Commission for Senior Citizens, Area Agency on Aging (Other Cluster):			
State - Dignity at Home Fall Prevention	93.044	FP201A	33,396
Coronavirus Aid, Relief, and Economic Security (CARES)			
IIIC HR748-C1 Congregate Meals	93.045	2001CAHDC3-00	199,638
Coronavirus Aid, Relief, and Economic Security (CARES)			
IIIC HR748-C2 Home Delivered Meals	93.045	2001CAHDC3-00	71,445
Total pass through the Central Coast Commission for Senior Citizens			<u>304,479</u>
Pass through the California Department of Public Health:			
California Personal Responsibility and Education Program	93.092	18-10236	168,150
Adolescent Family Life Planning	93.994	20-10577	224,036
Information and Education Program	93.778	19-10313	141,247
Total pass through the California Department of Public Health			<u>533,434</u>
Pass through the California State Department of Community Services and Development:			
Low Income Home Energy Assistance Program			
LIHEAP WX	93.568	20B-2034	296,498
LIHEAP EHA/ECIP	93.568	20B-2034	107,112
LIHEAP WX	93.568	21B-5034	146,458
LIHEAP EHA/ECIP	93.568	21B-5034	500,684
DAP LIHEAP WX	93.568	20D-1034	5,522
DAP LIHEAP EHA/ECIP	93.568	20D-1034	9,755
ARPA LIHEAP EHA/ECIP	93.568	21V-5583	18,493
CARES LIHEAP EHA/ECIP	93.568	20U-2583	324,709
Subtotal Low Income Home Energy Assistance Program			<u>1,409,231</u>

See notes to the schedule of federal awards

COMMUNIFY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>
Community Services Block Grant - Discretionary	93.569	20F-3041	\$ 26,855
Community Services Block Grant	93.569	20F-3041	24,097
Community Services Block Grant	93.569	21F-4041	550,017
Community Services Block Grant - Discretionary	93.569	21F-4442	7,603
Community Services Block Grant - CARES	93.569	20F-3680	353,000
Community Services Block Grant - CARES Discretionary	93.569	20F-3680	2,404
Subtotal Community Services Block Grant			<u>963,976</u>
Total pass through the California State Department of Community Services and Development			<u>2,373,207</u>
Pass through the California State Department of Education (Child Care Programs Cluster):			
	93.575 &		
General Child Care and Development	93.596	CCTR-0254	64,945
	93.575 &		
General Child Care and Development	93.596	CCTR-1263	62,930
Total pass through the California State Department of Education (Child Care Programs Cluster)			<u>127,875</u>
Total U.S. Department of Health and Human Services			<u>16,151,392</u>
Total federal and state expenditures			<u>\$ 16,654,886</u>

See notes to the schedule of federal awards

COMMUNIFY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the Federal award activity of CommUnify, under programs of the federal government for the year ended December 31, 2021, 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 CommUnify, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CommUnify.

Note 2 - 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 the Uniform Guidance*, wherein certain types of expenditures are not allowed or are limited as a reimbursement. CommUnify has not elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

*Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122 Cost Principles for Non Profit Organizations, or the cost principles contained in Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

OTHER AUDITOR'S REPORTS



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

200 E. Carrillo Street, Suite 300, Santa Barbara, CA 93101, (805) 962-9175, www.mcgowan.com

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
Community Action Commission of Santa Barbara County, Inc.
dba CommUnify

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Action Commission of Santa Barbara County, Inc. dba CommUnify (CommUnify), a nonprofit organization, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CommUnify's internal control over financial reporting (internal control) as a basis for designing 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 CommUnify's internal control. Accordingly, we do not express an opinion on the effectiveness of CommUnify's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CommUnify'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, reading "McGowan Guntermann". The signature is written in a cursive style with a large, stylized 'M' and 'G'.

Santa Barbara, California
October 26, 2022



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

200 E. Carrillo Street, Suite 300, Santa Barbara, CA 93101, (805) 962-9175, www.mcgowan.com

Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance

Board of Directors
Community Action Commission of Santa Barbara County, Inc.
dba CommUnify
of Santa Barbara County, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Action Commission of Santa Barbara County, Inc. dba CommUnify (CommUnify) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of CommUnify's major federal programs for the year ended December 31, 2021. CommUnify'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, CommUnify 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, 2021.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 CommUnify 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 CommUnify'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 CommUnify'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 CommUnify'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 generally accepted auditing standards, *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 judgement made by a reasonable user of the report on compliance about CommUnify's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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 CommUnify's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtaining an understanding of CommUnify'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 CommUnify'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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

McGowan Guntermann

Santa Barbara, California

October 26, 2022

Community Action Commission of Santa Barbara County, Inc.
dba CommUnify
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: **Unmodified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiencies identified that are not considered to be material weaknesses? **No**

No instances of noncompliance material to financial statements were disclosed by the audit.

Federal Awards

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified that are not considered to be material weaknesses? **No**

Type of auditor’s report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? **No**

Identification of major programs:

CFDA Number	Program Name	Expenditures
93.600	Head Start and Early Head Start	\$12,053,263
93.568	Low Income Home Energy Assistance Program	1,409,231
93.045 & 93.053	Aging Cluster (CFDA #'s 93.044, 93.045, 93.053)	
93.044	Special Programs for the Aging	1,063,614
93.569	Community Services Block	963,976

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

Auditee qualified as low-risk auditee? **Yes**

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None